

# DUN'S REVIEW



*We Can't Do Business From Empty Wagons!*

*In this  
Issue . . .*

*What the War Taught Us about*

MATERIALS CONTROLS . . . . .	FERDINAND EBERSTADT
PRICE CONTROLS . . . . .	JAMES W. PERKINS
WAGE CONTROLS . . . . .	CARROLL DAUGHERTY
MILITARY PROCUREMENT . . . . .	FRANK M. FOLSOM

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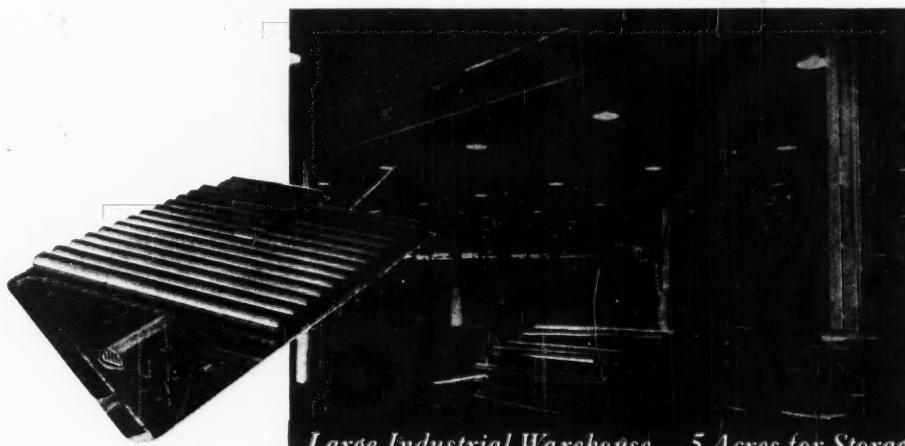
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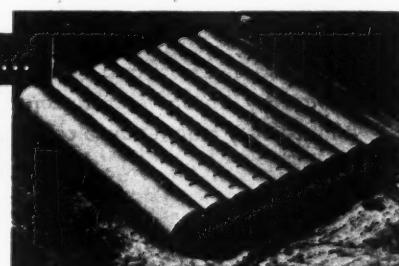
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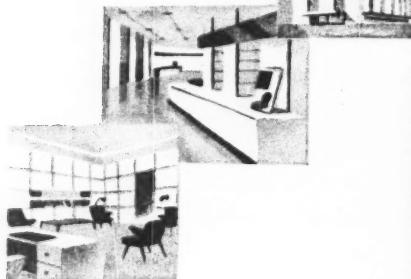
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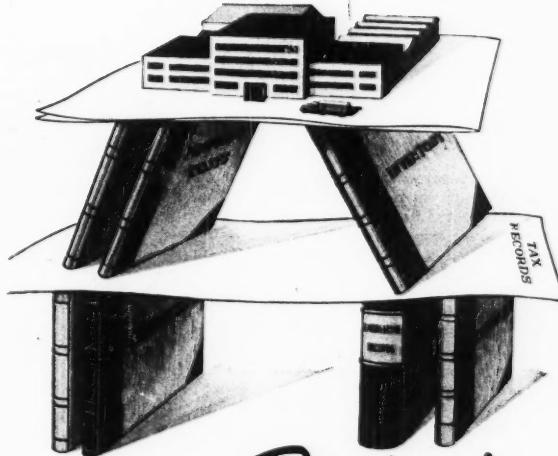
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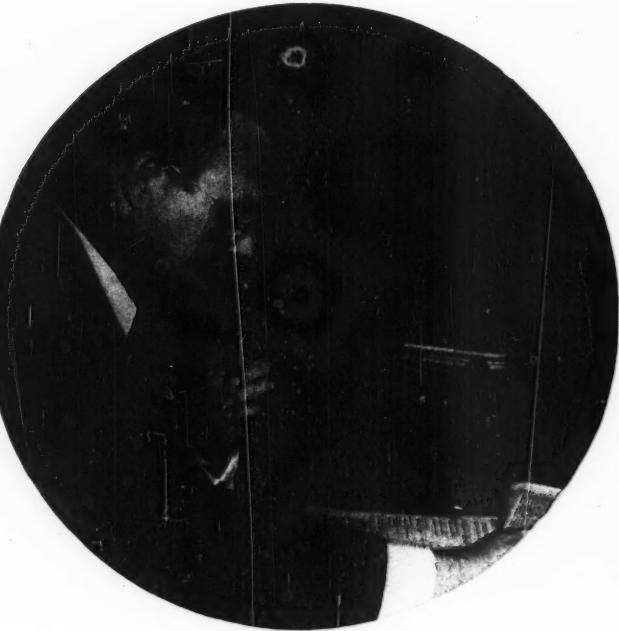
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# The Cover

## WE CAN'T DO BUSINESS FROM EMPTY WAGONS!



You Can't Do Business From An Empty Wagon!

On the July 1949 cover of DUN'S REVIEW we published a color print of the "Old Peddler," and offered to send a copy suitable for framing to anyone requesting it. More than a thousand DUN'S REVIEW readers asked for the "Old Peddler," and in the intervening months DUN & BRADSTREET has printed and distributed over a million lithograph copies of the "Old Peddler" which are seen on the walls of manufacturers, wholesalers, and retailers throughout the country.

When the Korean incident occurred in the Summer of 1950, the urgent need for supplies for our fighting men was apparent. Various procurement officers of the United States Army asked for copies of the "Old Peddler" to enlarge and place upon their office walls as an incentive to personnel and suppliers. It was obvious that Uncle Sam couldn't fight a war with "empty wagons." The new version of the "Peddler" was created to point out the necessity for action. Mr. Whiteside's letter interprets the mutual importance and interdependence of the soldier and civilian in a modern war economy.

Copies of the present cover of DUN'S REVIEW are available on request, and without charge. Write to DUN'S REVIEW, 290 Broadway, New York 8, N. Y.

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**W**HEN the old peddler distributed his wares through rural America, he demonstrated the fundamental principle, *we can't do business from empty wagons*. And we can't fight a war with empty words. We have to deliver the goods to our fighting men as called for, and to maintain adequate stockpiles of matériel to feed the military supply lines. The rate of flow of arms, ammunition, and food is the true gauge of victory, and performance rather than promises is the criterion of our strength with friend and foe alike.

Progress at the front reflects the confidence, productive efficiency, and sense of responsibility of the people at home. The civilian is no longer a privileged spectator, and enjoys no immunity from the weapons of mass attack. He accepts his lesser portion of the risk with the same dedication of life and service that belongs to his sons and brothers on the firing line. He knows, too, that the bomb-shattered lathe and loom can be as great a loss as the silenced mortar or the crippled tank.

The creation and maintenance of a healthy war production machine and a balanced war economy require the support of citizens who consume food, wear out clothes, and require shelter. The high level of our economy is necessary to produce not only goods for all of our people—soldier and civilian—but to create tax revenues, the fuel of our war machine and the blood stream of our national credit.

Military requirements are imperative, and come first. In filling those orders, the civilian willingly makes the sacrifice which is the free will offering of a free citizen, and not the grudging gift of slave labor. Not by guns alone are battles won. All citizens, whether in uniform or not, have an equal stake in the orderly expansion of our facilities for national defense.

Every link in the chain of supply must be equal to the strain imposed. The stress begins at the source of raw materials and continues all through the processing links of our intricate manufacturing and distributive system. Any overall plan must dovetail the carefully screened needs of the military with the disciplined but reasonable requirements of the home economy. If the plan is executed with a proper perspective on the long pull for the goal, eliminating internal competition in essential skills, tools, and raw materials, we can convert as rapidly or as gradually as the threat to national security demands, and the transition can be effected without any disturbing jar to the anatomy of business.

We demonstrated that our system of techniques and crafts was superior to the Nazi program of conscript brains and labor. Now we must show our productive superiority to another totalitarian group using the slave minds and muscles of a voiceless people. This foe is hoping for an internal collapse of our high level economy, an event of more importance to him at present than a military victory in the future.

Our answer to him is the confident hum of our machines and the growing stockpile of finished goods for soldier and civilian. We can't defend ourselves with threats or promises, we can't go to battle empty-handed, we can't do business from empty wagons.

War to-day is everybody's business, and American industry—management and labor—is aware of what lies ahead, the risks to be taken, and the sacrifices to be shared in keeping our wagons full and rolling toward victory and that day when a voice will cry out, "At ease," announcing that the Iron Curtain is lifted, and that the hands of free people have circled the world again in friendship and peace.

*Ad. B. Whiteside* President



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- Of all the mean little piddling jobs... do you know any worse than separating little postage stamps, licking and sticking them on?
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## Letters . . .

### TO THE EDITOR

#### THE FLAGS OF DESTINY

Take them down. Our boys are fighting and dying in Korea. I have one among them. When the U. N. Flag symbolizes all nations working toward a peaceful world, then let us all fly the flag together. Till then take it down.

Mrs. H. T. Murphy  
Richmond, Va.

I would appreciate immensely your forwarding to me two copies of your splendid cover for October 1950, "Flags of Destiny" which I understand are suitable for framing. I feel that your cover has indeed appeared at a very opportune time and there is no doubt now that the flags portrayed are indeed "Flags of Destiny." I had a brother who during the past Summer gave his last measure of devotion for the flag which has become the "flags of destiny."

Thanking you for this splendid gift, I remain,

Edward M. Cleary, Jr.  
Philadelphia, Pa.

You have rendered an inestimable service to the cause of freedom by issuing the "Flags of Destiny," that dramatic coupling of the two glorious emblems. . . . I am sure I am not alone in offering my congratulations to you.

Jack McNeill  
Brooklyn, N. Y.

Indeed you are not. Of more than 1,000 letters received so far in connection with "The Flags of Destiny," only 74 voiced disapproval.—Ed.

#### LIGHTHOUSE-KEEPING

The picture of the lighthouse on page 20 of the November issue of DUN'S REVIEW is one of the most magnificent sea pictures I have ever seen. I would very much like to get a copy suitable for framing.

W. J. Rohan  
Horlicks Corp.  
Racine, Wis.

#### SELF-CONTROL?

In view of the present . . . discussion as to whether or not further controls should be placed on business, am wondering if it is not a fit time now for you to reprint . . . an article that appeared . . . in July 1941, entitled "Price Con-



## *"My respect for banks and bankers was given quite a lift —"*

Not long ago, a correspondent bank asked the Chase to arrange a letter of credit for one of its customers. In doing so, we made certain recommendations which we thought necessary for the customer's protection. These recommendations were incorporated into the final negotiations.

Shortly thereafter, our correspondent received a letter from the customer. It said, in part:

"That your officers and the officers of your correspondent bank, Chase National in New York, were so cautious in protecting us in the

spending of our money, impressed me deeply. It never occurred to me that you cared a whoop how we tossed our money around just so long as it wasn't currency we had borrowed from you. As a result, my respect for banks and bankers—and you and Chase specifically—was given quite a lift."

The Chase National Bank is proud of this unsolicited tribute to its services, and happy that our methods of business continue to reflect credit on ourselves and our correspondent banks.

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trol on the Continent—Regulations and Results."

The comments made in the article by Dr. Hirsch . . . are again interesting as we face the possibilities of another era of price controls . . . Many legitimate manufacturers . . . deplore the upward rise in prices . . . such as we have seen during the past 90 days. But on the other hand, they know too well the inefficiency in the administration of price control such as we saw under the O.P.A.

Just what the answer is is very hard to determine at this time, but feel that every bit of light that can be thrown on the subject will be helpful especially coming from reliable sources such as those who write for your magazine.

James Rogers, Pres.  
Fulton County Silk Mills  
Gloversville, N. Y.

To switch on such a light, turn to page 16.—Ed.

## FACTS FOR FREEDOM

I have studied with great interest your supplement in the August issue of DUN'S Review entitled *Compass Points of Business* . . . It seems to the writer that the material contained therein could be used most effectively to combat the propaganda of those desiring to destroy our free economic system and way of life. It is a most eloquent testimonial of what can be accomplished in a democracy under capitalism toward improving the living standard of its members.

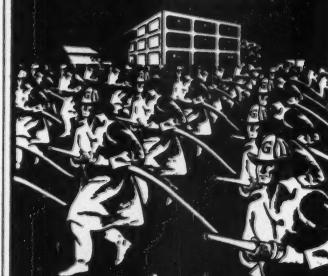
I was particularly interested in some further figures I have superimposed upon yours, viz., the percentage of civilian employment to the population of the United States. I show these below for your review.

1914—37.9	1932—31.1	1943—36.9
1919—39.9	1939—34.6	1944—36.1
1920—38.8	1937—35.0	1945—37.8
1921—34.7	1938—34.0	1946—39.0
1922—36.3	1939—34.9	1947—40.2
1929—39.0	1940—35.0	1948—39.5
1930—36.0	1941—37.8	1949—36.3
1931—34.1	1942—39.0	1950—39.5

I feel that these percentages are living proof that business does make a most important contribution toward a stable economy and that it certainly has earned and should be recognized as having earned its right to continue under the comparative freedom it has enjoyed in the past. The percentage of employed has, surprisingly enough, kept considerably in line with our population growth. Where is the alleged displacement we hear so much about from those who would destroy us?

W. H. Puette  
Continental Can Company  
Los Angeles, Cal.

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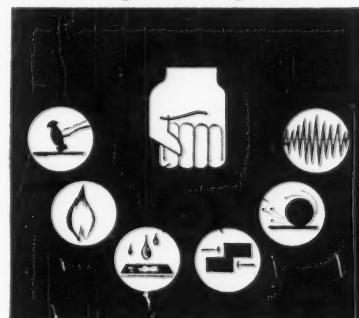
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The unique cutting edges of the Rever-sharP have reinforced and extended corners that take initial impact. This causes the entire tip end to work-harden, thus equalizing wear along the

cutting edge. When worn, the tip is simply turned over and a new, sharp cutting edge is ready for use. The harder you use the Rever-sharP, the harder it gets!

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ANOTHER SHIPMENT OF IRON ORE AND ANOTHER STEP TOWARD MEETING THE HEAVY CIVILIAN AND MILITARY DEMANDS OF TODAY. TO SATISFY THESE DEMANDS WITH THE AVAILABLE SUPPLIES THERE MUST BE A PROGRAM OF CONTROLS—LOWRY PHOTOGRAPH FROM DEVANEY

## What the War Taught Us about MATERIALS CONTROLS

FERDINAND EBERSTADT

*President, F. Eberstadt and Company*

THIS matter of priorities and control of materials seems to be a field where it is very much easier to find a solution if unhampered by facts. While in Washington we received the benefit of a great many solutions some of which were more theoretical than practical. But there were a few principles that emerged from our experience and they were principles which are applicable in this or any other situation.

One of the principles was the indissolvability of the priority power. The priority or allocation power is, after all, an implement or mechanism for working out a program. The first thing is the program. When once the program is determined the priority and allocations powers are means or instruments for working it out. These powers can-

not be divided and assure accomplishment of the program.

The time to centralize the control of these powers is when the economic

conditions, the administrative situation, and the political conditions will support it. If an appointment is made in transgression to any considerable extent of any of these three conditions, the man appointed will be embarrassed and might be frustrated.

In my opinion the situation is ripe for such an appointment. The National Security Act of 1947, particularly with the amendments of 1949, set up an outline of a very adequate system of administration. The administrator, if appointed under present circumstances, without great readjustment, would find the necessary machinery at hand.

From the economic point of view we are either there or very close to it. The question is not simply the size of the military program in existence. It may



FERDINAND EBERSTADT

*Chairman of the Army and Navy Munitions Board 1942; vice-chairman of the War Production Board, 1942-1943; and now member of the Board of Advisers, Industrial College of the Armed Forces.*

also be the size of the military program in contemplation. At present there are a great many of the alloy elements where supply is way behind demand, and it looks very much as if steel itself were in that situation. In these circumstances it would be prudent to set up the administrator and put, for example, steel, copper, and aluminum under a fairly firm allocation.

While hesitant to pass judgment on the political point of view, my impression is that our people, our manufacturers, our laborers, would welcome such a step. This, of course, is based on the assumption that the job will be well administered.

Administratively there have been improvements since the last war. We are considerably advanced over the similar period in the last emergency. It is a little early and perhaps would be unfair to be too critical of those who are feeling their way along.

#### Too Much Too Early

But the time has come for the appointment of an administrator and the application of rather stringent controls in a limited field. For once it would be good to pay the penalty of too much too early. We have already paid often for too little too late.

There are, generally speaking, five sinews of production. They are manpower, materials, power, facilities, and transportation. There may be other minor elements, but in those five are included the main sinews of production.

Now, it must be obvious that in shooting toward a certain program all five sinewsmust be co-ordinated toward that single program. Those of us who were in Washington before will watch with interest and will be concerned about the matter of co-ordinating that priority power. Under the law which has been passed and the regulation issued pursuant to it, the unification of that priority power does not seem entirely clear.

There are two circumstances, however, in which any program would work whether it is soundly co-ordin-

*Our aluminum, steel, and copper will stretch just so far. In order to make the most of what we have, it must not only be equitably distributed among manufacturers, but the use of it must be controlled in an effort to achieve a balanced output of civilian and military products.*

#### IN THIS ISSUE

*Duns Review* provides a background against which the whole problem of controls can be sharply outlined. The four authors have drawn heavily upon their intensive activities in specialized fields during World War II. Their ideas and thoughts, first expressed last November at a meeting of the Trade & Industry Law Institute of New York, are authoritative and timely.

nated or whether it is not. One of those circumstances is if all of those concerned with equal power, actually are able to pull together.

They unify through the efforts of several persons of unified priority power. If that can be done and if that is accomplished the blueprint makes comparatively little difference. Historical precedent is not entirely reassuring as to that possibility.

The other circumstance is if the program itself is not so vast as to put a strain on any or all of the five sinews of production. Then, of course, the program can go through without so strong a centralized control.

Another thing we believe we learned was the difference between the priority system and the allocation system. By

definition the word priority is a relative word. It means one thing goes ahead of another thing. Take the field of steel, for example. If there is enough steel to go around for all wants, it is a rather simple thing to apply a priority on the more urgent ones.

I invite your attention to the fact that all of these questions are combination questions of amount and time. There is no trick in getting 100 million tons of steel. There is a very considerable trick in getting 100 million tons of steel in six months. It is a combination. You must have a priority in time and a priority in amount.

But when a situation arises where the demand is in excess of the supply within the time under contemplation, there the priority system is placed un-

DEVANEY PHOTOGRAPHIE





N PHOTOGRAPH FROM DEAN & DEAN

## EXPERIENCES WITH MATERIALS CONTROLS

### WHAT and WHEN

PREFERENCE CERTIFICATES	June 1940
PRIORITY RATINGS	August 1940
GENERAL PREFERENCE ORDERS	March 1941
CONSERVATION ORDERS	March 1941
DEFENSE SUPPLIES RATING PLAN	May 1941
LIMITATION ORDERS	August 1941
PRODUCTION REQUIREMENTS PLAN	June 1942
CONTROLLED MATERIALS PLAN	April 1943

*Because of space limitations not all the control devices of the last war are included here and those that are listed are not described in detail.*

### HOW and WHY

Provided a priority rating to insure deliveries of end-products for military use before other deliveries.

Covered a list of critical items to which priority ratings could be assigned by the military on a spot basis.

Assigned priority ratings on an automatic basis for a group of listed products.

Designed to control the use of materials through a quantitative allocation at the mill-delivery level.

Provided a continuous flow of basic materials for defense production based on quarterly records.

Restricted either production of some classes of products or use of specified resources in their manufacture.

Divided the supply of critical metals among users on the basis of past use, current supply, and future needs.

Established a vertical allocation of a limited number of materials through the end-products.

*Channeling America's materials through our vast production and distribution machinery is one of the natural and successful results of the economy. The rerouting caused by controls may result in traffic jams unless there is a well administered system of block signals and switches.*

der a very heavy strain which it may not be able to bear. In those circumstances the alternative is a resort to allocations. An allocation is not a relative delivery of goods, it is an absolute delivery of goods.

It can be seen at once, if there is a demand much larger than the supply, the priority system is bound to break down. You get into circumstances where money, which is the normal magnet for goods, will be decreasing in pulling power. Prices will rise and a general state of confusion result. If there is an allocation program you will deal with your whole supply and you are artificially able to cut down demand.

### Demand and Supply

And that takes me to the next point that we learned. Demand and supply have a way of struggling into balance and the control of war production involves not only a control of supply but a control of demand as well. There must be a balance of demand and supply to achieve a smooth-running, well-balanced program.

Now, you cannot set out and balance every item in the economy, not even every material item. That would be getting into a field so vast that if almost all the people in the country were employed on the paperwork it still couldn't be accomplished.

We found, therefore, that it was essential and that it was practical to grasp certain of the, let us say, cores of war production and, controlling those cores, to let the other and less essential elements fall into line.

From our experience they did pretty well fall into line. The cores which we grasped were steel, copper, and aluminum. If the war production program is built around steel, copper, and aluminum it will likely lead to a rather effective control. Of course here and

*(Continued on page 48)*

*The refining of raw materials and the production of goods reflect the might of America. To see that the industrial machine is well oiled and supplied with its basic needs, precision and timing are required. Under a defense program this coordination cannot be left to chance.*



"PRICES AT THE RETAIL LEVEL ARE THE MOST DIFFICULT OF ALL TO CONTROL. THE CONSUMER DOES NOT FEEL THAT PRICE CONTROL IS EFFECTIVE UNLESS HE KNOWS THAT THE MINIMUM PRICE FOR A CERTAIN ITEM IS SO MANY DOLLARS AND CENTS."—PAUL KER PHOTOGRAPH FROM HARRIS & EWING.

## What the War Taught Us about PRICE CONTROLS

JAMES A. PERKINS

*Executive Associate, The Carnegie  
Corporation of New York*

THE FIRST lesson graduates of the OPA would pass on to our unfortunate successors concerns the problem of time lag. We discovered in the last war that there was a time lag anywhere from 12 to 24 months between the adoption of a large-scale military program and its impact on the price level.

The situation to-day is completely different from that which we found in the years 1940 and 1941. At that time there was elbow room in the economy to take on the military production program and, indeed, increase the program of civilian supply. That elbow room does not exist to-day. We are in a period of full employment; price control will be operating already on an inflationary picture.

There could be no more striking difference than between the setting of prices at the end of a decade of relative depression, such as 1930-1940, and

the setting of prices to-day after a half decade of full employment and inflation.

To-day's time lag will be cut in half not only because of a higher production level, but also because in 1950 the United States is in an entirely different

political-economic relationship with the rest of the world than in 1940.

In 1940 we were to be the arsenal of other democracies. We were to help as much as we could the British, French, and others who were fighting. To-day we are the people looking for allies.

We must carry the main burden for civilian and military production to support the rest of the free world, and this should heighten the impact on our whole price structure of any program that we finally adopt.

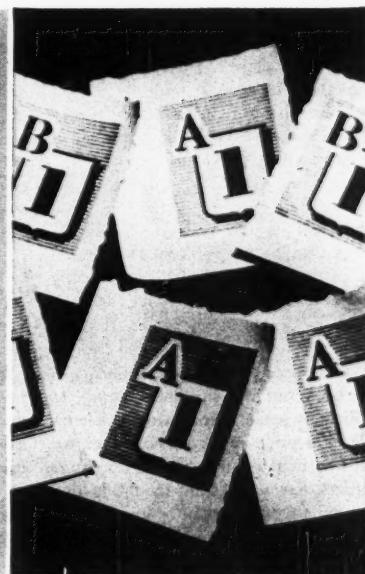
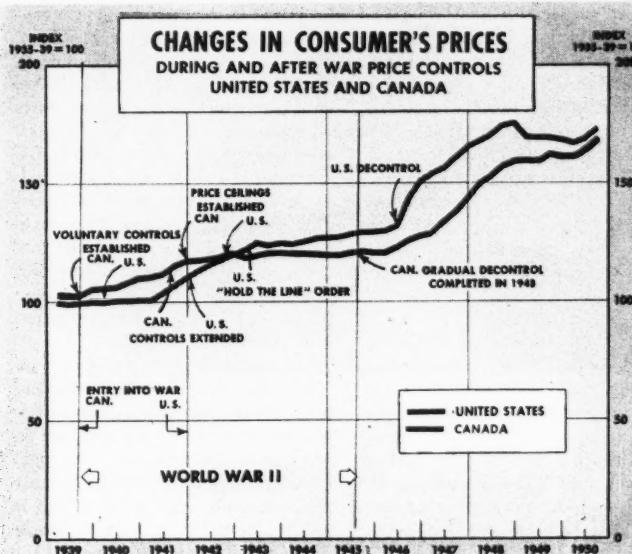
One temporarily mitigating factor is that we haven't the faintest idea what the nature and scope of that program is likely to be. Up until December 1941 our rôle was that of supporting the British and others in addition to working up our own defense program in a minor way.

In 1941 our enemies were pretty clearly defined: the Nazis and the Japa-



JAMES A. PERKINS

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eign Economic Administrator, 1943-1945;  
vice-pres., Swarthmore College, 1945-1950.*



OFFICIAL OWI PHOTOGRAPH FROM HARRIS & EWING

The Canadian program of price control appears to have been very effective. From September 1939 until December 1941 when price ceilings were established in Canada, consumer's prices rose about 15 per cent. Thereafter, until mid-1946 when decontrol was under way, consumer's prices rose only 5 per cent. In the eight weeks between Pearl Harbor and January 30, 1942 when the Emergency Price Control Act was signed by the President, consumers' prices in the United States rose 14 per cent. They continued to rise steadily during the War period, although there were some added restraints; in June 1946, when price controls expired, consumers' prices were 30 per cent above the Pearl Harbor level. Rationing necessarily accompanied price control in both countries. If the current international tension grows stronger, price controls and ration coupons may again become important in our lives. The indexes of consumers' prices for each country measure changes in prices which occur within the country; they do not measure the relative levels of prices between the countries. The Canadian index is from the Dominion Bureau of Statistics; the United States index is from the Bureau of Labor Statistics.

nese. To-day we have no clear idea as to who will be involved in the next war, or where it will be fought. Until those facts become clear, it will be impossible for the planners in Washington to carve out the dimensions of the military program, or predict the total impact on the economy.

My first point is this: Once the military program becomes clear and well articulated, the amount of time between the adoption of the program and the most severe inflationary pressures will be cut in half.

A second fact that we must all remember is that price controls are essentially an end of the line operation; that is, they work or do not work depending in large part upon what is done in other areas. If we are to have a satisfactory control program, we will have to adopt more rigorous tax measures than are foreseen, or are foreseeable, at the moment. In short, we will have to

sponge up the tremendous amount of purchasing power that exists in this country that did not exist in the years 1940 to 1941.

Tax measures, both industrial and personal, will in all probability have to be raised as far as it is politically possible towards the goal of putting the country on a pay-as-you-go basis. That perhaps will not be politically and economically feasible, but our tax program and conceptions will have to move in that direction.

The credit controls that have started will need to be extended as a means of diminishing the consumer demand for scarce goods. Obviously, the wage stabilization program will have to be more effective than it was in the past if the pressures on the price line are to be reduced. And finally, and in my opinion most important of all, a way will have to be discovered for dealing with the problems of food prices and

farm production in a way that was not realistically resolved during the last war.

If I could put my finger on one fact that was responsible for such dislocations and difficulties as Mr. Henderson and his successors faced in the OPA, it was their inability to deal satisfactorily with the problem of food prices, and that in turn, as you all well know, stemmed from a complicated political problem.

If we are not able to stabilize the price of food at the retail level it will be almost impossible for the wage stabilizer to do an effective job. If the wage stabilization is ineffective, costs at the distribution and production levels will be difficult to restrain and an inflationary spiral will commence.

A third point I think we must remember is that there will be severe pressures brought to bear to use price controls for matters that have nothing to do directly with the stabilization of prices. Various types of price controls were urged on the OPA in the last war to resolve problems of allocation, or of production.

Representatives from the War Production Board frequently asked us to keep our controls on items 1, 2, and 4, and to raise by 25 per cent the price on item 3. The theory was that if

the prices were increased on that item, it would encourage manufacturers to produce that one and neglect the other three.

I just wish to report that that theory doesn't work at all. The net effect of any such move is to place the price controller under an irresistible pressure to raise items 1, 2, and 4 to the level he has just established for item 3 because of the "out-of-lineness" of prices which industry quite rightly endeavors to avoid.

### No Real Solution

You might have had short-time gains perhaps, but not sufficient enough to solve any serious production problems. Perhaps price controls combined for this particular purpose with restrictive orders that would limit the production of items 1, 2, and 4 can be jointly effective in the general problem of directing production and supply, but only in a very minor way and in minor areas.

A second pressure on the price controller will be to use the controls as a means of rationing. Many people believed emphatically during the last war that a good bit of the problem of rationing could be taken care of by just allowing the price of consumers' goods to increase, that pretty soon the supply and demand would come in balance by the price increase. Those consumers will be driven out of the market who can't afford the higher price and, therefore supply and demand will balance.

With respect to many non-essential items I think this is a policy that can and should be followed with many more items than in the last war. But obviously, with items that consumers consider essential to their well-being, price rationing is politically not feasible.

Wherever you have a large demand and a limited supply of an important civilian item, price controls or an increase in prices will not solve supply problems for that particular item; a full scale rationing program will be a necessary adjunct to price controls.

A third area where the price controller will be urged to use the control powers for other purposes concerns marginal production. I remember at the early outset of World War II, I think it was in the Fall of 1940 or 1941, perhaps even before then, the problem

arose of encouraging some marginal copper production. Copper production became very important to the defense and the OPA was under tremendous pressure to increase the informal ceiling it had on the price of copper in order to stimulate marginal production.

With an expanding economy the marginal theory could be used as a basis for increasing all prices. That theory was rejected early, and I hope it will not appear again. Instead the new controller will have to do precisely what we did in World War II, which is to install a system of multiple pricing.

Multiple pricing allows special prices for the marginal producer. Otherwise the new controller may have to consider a large-scale subsidy program under which money would be paid out of the United States Treasury to the marginal producers to encourage them in production, meanwhile keeping the general price level fairly stable.

The fourth point to be remembered is that the key to all price controls, at

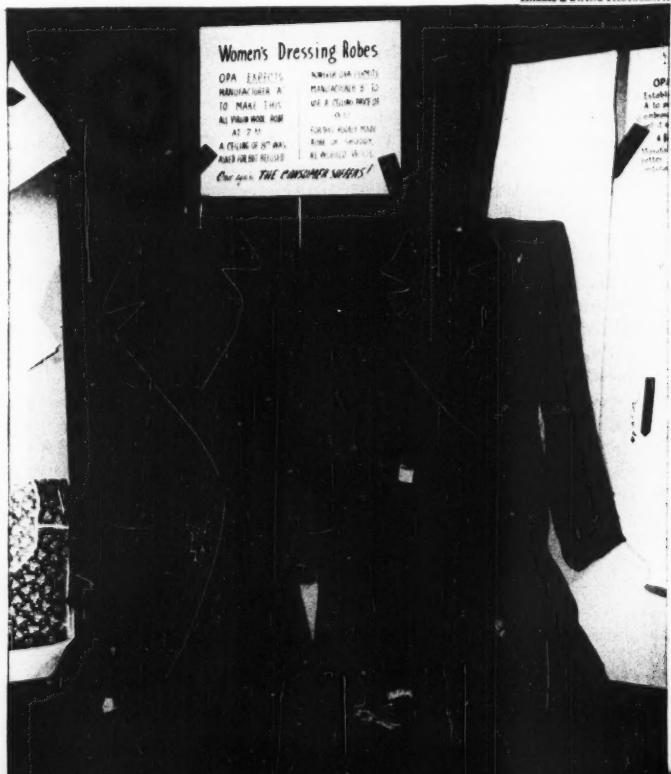
least as far as the general public is concerned, will be prices at the retail level. Here is, by all odds, the most difficult of all elements of price control. There is no alternative in controlling prices at the retail level other than a general price freeze which will have to be followed, as in the last war, with efforts to develop specific dollars and cents price ceilings per product at the retail level. There is no effective price control, as far as the consumer is concerned, unless he knows that the maximum price for X item is so many dollars and cents.

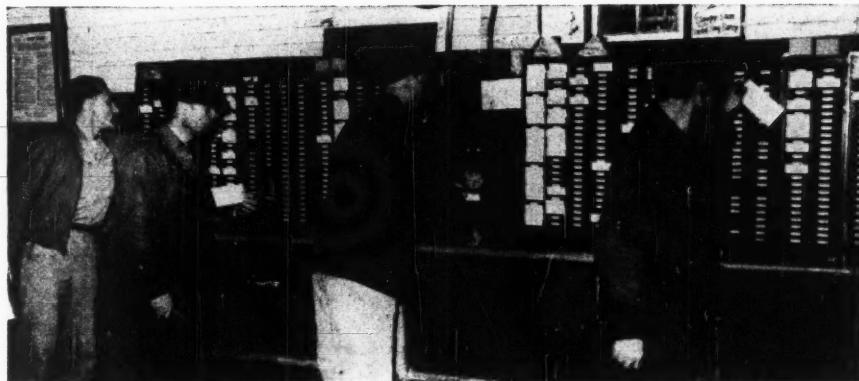
The administrative task which involved the multiplicity of rationing and price control boards was the answer evolved in World War II and I see no conceivable alternative in the future. I think the quicker we understand that the price control at the retail level is going to be the measure of the whole price control program's success, the better off we will be.

(Continued on page 44)

*"Another factor at the retail level that will have to be remembered is that it is never enough just to control maximum prices at the retail level. The price controller must immediately concern himself with the quality of the goods sold even at the maximum price level. It is not enough that a maximum price ceiling be set if you get inferior merchandise at that price. This is a problem that should be given early attention in a control program."*

HARRIS & EWING PHOTOGRAPHIC





"THE PROBLEM OF MANPOWER ALLOCATION, SINCE IT INVOLVES THE MOVING OF HUMAN BEINGS, IS A DELICATE ONE. THE SYSTEM USED DURING WORLD WAR II WAS BOTH VOLUNTARY AND INVOLUNTARY, MOSTLY THE LATTER, AND IT WORKED TOLERABLY WELL."—DEVANEY PHOTOGRAPH

## What the War Taught Us about WAGE CONTROLS

CARROLL R. DAUGHERTY

Chairman, Business Economics Department  
Northwestern University

PRICE controls and wage controls, sometimes called direct controls, are necessary in time of war or in a period of defense preparations because no government has the fortitude or the political indifference to tax heavily enough to withdraw a sufficient amount of purchasing power on the demand side of the equation.

Anybody who administers a wage stabilization program, or a price stabilization or price control program, doesn't have to dope out wage rates or prices. He inherits two things. He inherits a structure of wage rates for different jobs in different localities in different relationships one to the other and a general level of wage rates throughout the country.

His job is to keep the general level of wage rates from rising and at the same time perhaps correct inequities that have arisen within the general structure of wage rates before the controls were imposed. He can profit by

some of the things learned by the War Labor Board from 1942 to 1945.

In the first place a wage program must be devised which will operate in the economic and political context of the time; it must be geared to reality.

A wage control program, like any law, must have at least three character-

istics. It must have economic sense; it must have political feasibility; and it must be administrable. A wage rate control program is not only an economic problem, it is also a problem in human relations, that is, labor relations and labor-management relations. It is also a problem in government.

A wage control program should interfere as little as possible with the normal processes of collective bargaining between management and labor. Most of us in this country have come to believe that sound human relations between management and labor are a manifestation and expression of the basic democratic principle of compromise and living together. Obviously, when an authoritarian measure such as wage rate controls are imposed, it affects the freedom to make economic decisions that comes from free collective bargaining.

Wage rate control and price control are closely and intimately related,



CARROLL R. DAUGHERTY

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since there is no effective price control in the end without effective wage rate control, and there is no effective wage rate control without price control at the retail level.

These controls have their limitations. Just as product prices cannot be used to allocate resources and products, so wage rate controls and wage rate increases can't be used to allocate manpower. The problem of manpower allocation, since it involves the moving of human beings, is a delicate one. The system used during the last war was primarily voluntary but partly authoritarian and it worked tolerably well.

The War Labor Board soon learned it could not use wage rates as a way of getting labor to where it was needed. If in a community there are 100,000 jobs and 80,000 people, you don't get the labor where it is needed by raising

from previous levels in the community.

The way to close the gap between the number of jobs such as 100,000 and the number of workers such as 80,000 is to increase the number of hours per week, increase the number of employees, and increase the amount that each produces per hour.

Now the context in which wage controls were imposed in 1942 was one of intense organizational activity on the part of organized labor. They had made very great organizational gains up until 1942, but the tight labor market that came with the accelerated defense program and then the war program gave organized labor an opportunity to unionize millions of workers.

One of the ways, of course, you get unions over to workers is to promise them something and usually you promise them increased wage rates. So it was

would have been with a united labor movement with some maturity which had had time to develop voluntary restraint in the matter of wage increases.

The latter thing is true again today. We still have a divided labor movement. We have, however, labor rather well organized to-day compared to the degree of organization in 1942. Another thing that happened in 1942 has happened again and is with us today. When wage rate controls were imposed in 1942, they were imposed after certain groups of workers, in fact about two-thirds of them according to the figures of the Bureau of Labor Statistics, had already obtained sizable wage rate increases. In other words, there was a situation in which there were some laggards. About one-third of the employees of the country, for lack of organization or for other reasons, had not kept pace with the other two-thirds from 1940 to 1942 in obtaining wage rate increases.

The same thing exists to-day. There is beginning to emerge a pattern of wage rate increases in aluminum, automobiles, rubber, and so on. There have been wage rate increases of various kinds in various agreements voluntarily arrived at by management and labor. The industry that is occupying the attention of those interested in such matters is, of course, the steel industry.

The agreements that have developed in the last year have shown a tendency to follow the agreement developed by the United Automobile Workers and the General Motors Corporation where wage rates rise more or less automatically with increases in the cost of living and keep pace with the national average increase in labor productivity. These two kinds of increases are more or less automatic under the contract.

Not all other contracts have been devised in the same manner, but there is always provision for frequent wage rate reopening, in connection with the possible increases in the cost of living.

The War Labor Board's program in the main had a little social welfare in it, in that there were provisions for certain increases for very low-paid employees. The increases that were granted by the War Labor Board were granted in cents per hour rather than percentage-wise in order to give the



DEVANEY PHOTOGRAPH

*Collective bargaining should be interfered with as little as possible, the War Labor Board learned. While collective bargaining must be done by representatives of labor and of employers, there must also be public representation to take care of the public interests. The best that can be done in a war emergency is to substitute collective bargaining at the highest level for collective bargaining at the plant level. It is unfortunate that this has to be done, but there is no alternative.*

wage rates in plant A. Because you have increased wage rates in plant A you have created an inequity for plants B and C and so on. They will soon be pounding at your door asking for similar increases. In the end all you have done is to increase labor turnover and increase the general level of wage rates

in part against that background that wage rate controls had to be imposed.

Another factor was the divided labor movement in America, the rivalry among labor leaders to see which could offer the workers the most. With a divided labor movement, the problem became much more difficult than it



DEVANEY PHOTOGRAPH

*The best program of wage stabilization in the present situation is going to be that exercised by the price controllers and not the War Labor Board. New agreements are being made that include wage rate increases which were sought because of the increase in the cost of living. Unless the Board nullifies these agreements, the only way to hold wage rates down is to hold the cost of living down to whatever extent is possible. Chart data on wages and cost-of-living is from the U. S. Bureau of Labor Statistics.*

largest percentage increase to low-paid workers. Those may be called the social welfare aspects of the War Labor Board program; but for the most part, the War Labor Board program was designed to hold down the general level of wage rates through the Little Steel Formula and through a system of preventing increases above a certain line.

Its first task, dealing with the structure of wage rates and the inter-relationship among occupational and industry rates, was taken care of by the so-called inter-plant inequity program. This was a bracket system where for a given job and a given labor market area no employer or union in agreement with him was allowed to raise wage rates above the so-called minimum of the bracket. This minimum, ideally, was to be imposed about 10 per cent below the weighted average for such wage rates, but actually was sometimes 5 per cent, sometimes at about the weighted average of wage rates.

So the basic idea of the old wage program was to hold the general level of wage rates by means of the Little Steel Formula and by means of the wage bracket system.

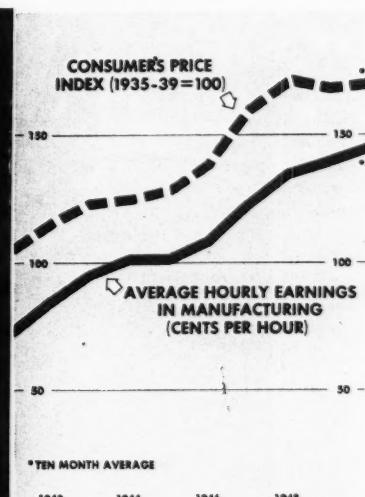
The Little Steel Formula was designed to give those one-third of the

workers who had not received a 15 per cent increase after January 1941, the amounts that they still had coming under the 15 per cent formula. The average over-all earnings in a given plant were multiplied by 15 per cent and then from that figure was deducted any wage rate increases that had been given since January 1941. If anything was available they got it in cents per hour; otherwise there was no increase under the Little Steel Formula.

But 70 per cent of the cases that came to the War Labor Board were of the so-called inter-plant inequity kind that had to do with the relationship of wage rates of different plants for similar jobs in a given labor market area.

In attempting to hold this wage rate line the War Labor Board at first devised a program that made a lot of economic sense and a lot of political sense, but was completely unadministrable. This was because the War Labor Board had approached the program in a piecemeal sense by means of dispute cases. Wage controls were not imposed until September 1942, but the War Labor Board had functioned since January 1942 and had a number of important wage dispute cases.

As a matter of fact, the Little Steel

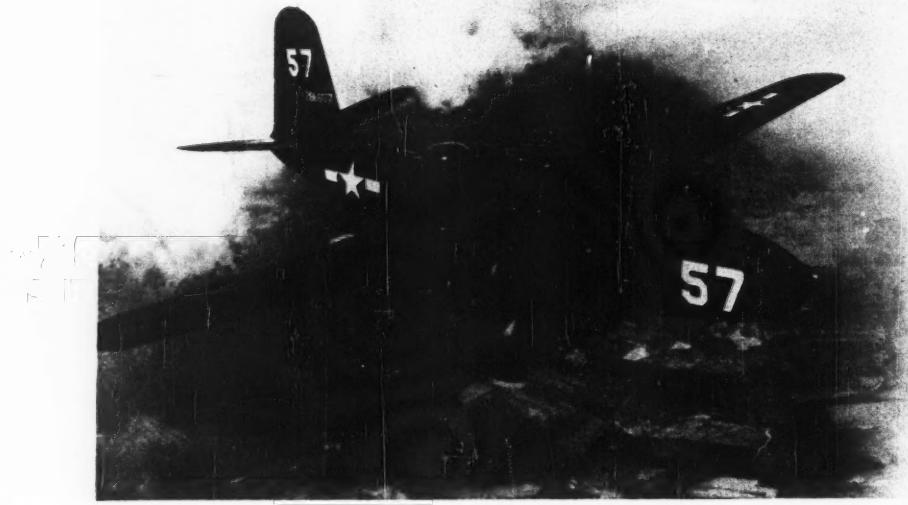


Formula itself was devised from the dispute case that arose between the United Steel Workers and the Little Steel Companies.

It was in the Chrysler case that the inter-plant inequity doctrine of the War Labor Board was made clear. The Chrysler workers came to the Board in the dispute case asking to be brought up to the level of the rates paid by other major automobile companies. The Board denied in this dispute case any increase to the Chrysler workers saying that it was customary for Chrysler workers to be paid at lower rates than those paid by Ford or General Motors and, therefore, the Board would not disturb that historical relationship even though in absolute cents per hour the Chrysler workers were paid at lower rates.

When the Board was given the job of controlling all wages and prices, it tried to apply this rule. It had to get information other than that given by applicants who, of course, were self-serving in the data they furnished. That meant making an investigation of wage rates, and there was no organization big enough in Washington to furnish the information in time for a decision. Without information on the basis of which to say no, you always say yes. When you say yes to cure an alleged inequity by this method, the chances are you create others, and ten

*(Continued on page 51)*



DOUGLAS A-20 (CRODTYPE OF B-26 BEING USED IN KOREA), LIGHT BOMBER EMPLOYED IN THE EUROPEAN, AFRICAN, AND PACIFIC THEATERS DURING WORLD WAR II TO FIGHT AND SUPPORT IN SUPPORT OF GROUND FORCES—UNITED STATES ARMY AIR FORCE PHOTO

## *What the War Taught Us about MILITARY PROCUREMENT*

FRANK M. FOLSOM

*President, Radio Corporation of America*

THE military procurement problem during World War II can be divided into two parts for purposes of study. Let us first consider the background material and, then, some of the things which happened.

The early part of war mobilization for World War II started early in 1940. One of the principal activities of the old National Defense Council was the procurement activity under Donald M. Nelson. Mr. Nelson was given this particular job as a co-ordinator of procurement for the National Defense Council. He had a document which was signed by President Roosevelt giving him certain authority, but it was sort of nebulous.

However, the War Department, Navy, Treasury Procurement, and

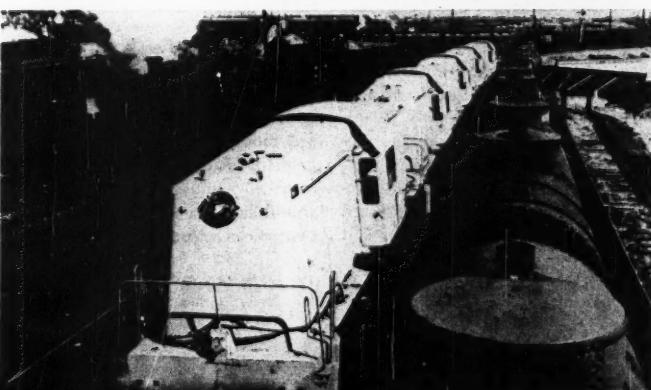
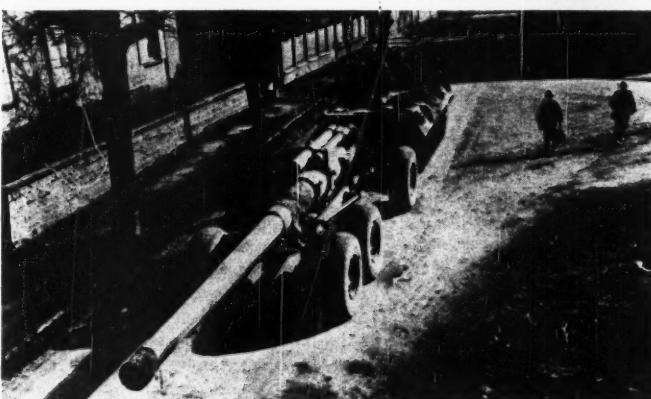
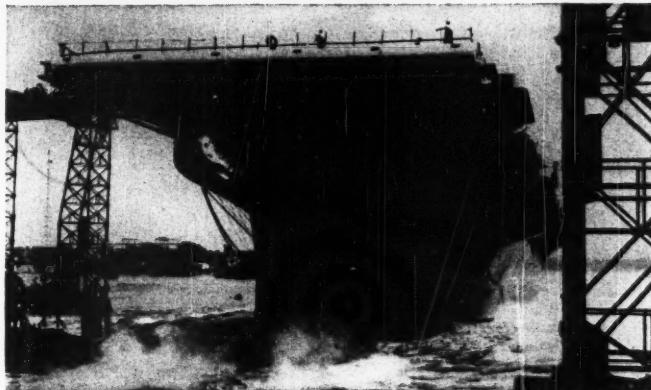
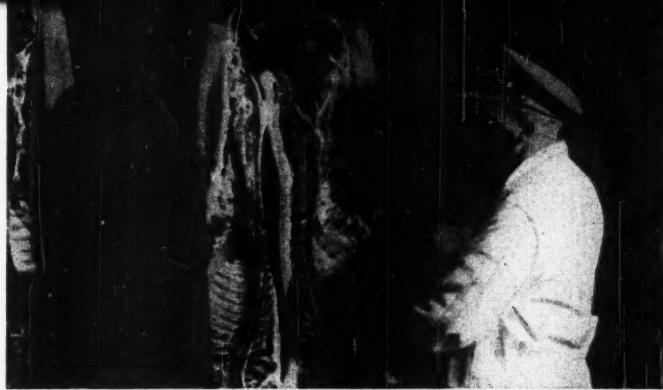
other agencies of government had statutory powers given to them by the Congress. So on the one hand there were

the Army, Navy, Marines, Coast Guard, and Treasury Procurement, with statutory powers and on the other hand, an agency of a civilian group coming in to tell the military how to do it.

The military were sworn to do their job and they really intended to do it, and I think they did it well. But when the civilians came in they were supposed to be given a certain job and it was not clear how they were to do it. So I think there was too much blame often given to the military for their attitude on many procurement matters and there was much blame given to the civilian group because they didn't do the kind of a job it was thought they ought to do. In each case it was very unclear. It was a question of people getting along with each other for a



FRANK M. FOLSOM  
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common purpose. That can be done and later it was.

Early in the Defense Council's activities the President called Mr. Knudsen over to the White House and said, "Bill, I want you to watch this procurement job." Mr. Knudsen's original job actually was to handle production. So representatives of the Army, the Navy, the Marines, the Coast Guard, and the Treasury Procurement had to come over to the Federal Reserve Building to have Mr. Knudsen okay all of the orders that were placed by the military each day.

#### Orders Created Confusion

At first, late in 1940, the orders didn't amount to very much. After the War Production Board was formed there was still a carryover from Mr. Knudsen on okaying those orders. That carryover went to Mr. Nelson. As he had other things on his mind at the time he transferred the question of approval to others. Baskets of orders began to come in. There were literally truck loads of them with the result that two or three weeks were consumed in getting an order out, and there was really what one might call "galloping confusion" at that particular point.

It was then that Mr. Forrestal, who had a broad concept of the procurement problem, and Robert Patterson went to see Mr. Nelson one day and, as a result, responsibility for okaying these orders was given back to the Army, the Navy, and the other different groups.

I then was sent over to the Navy Department as a sort of ballplayer sold into another league, a friend of mine, Al Browning, went to the Army Department, and Doug McKeachie stayed on where he was, so we were sort of a team working on this deal.

After this, all of the baskets of orders, instead of going to the War Production Board and down through the various

(Continued on page 54)

*The far flung procurement activities of the Armed Services in World War II ranged from securing toothbrushes to ordering aircraft carriers. Purchasing of fresh food for the Army and Navy was a \$30,000,000 a month business, accomplished by the Army Quartermaster Market Center system on a nationwide basis. The invasion of Nazi-held Europe required huge quantities of railroad and other transportation equipment. American Diesel locomotives and gasoline tank cars, forming a small part of this pool, are seen in a British railroad yard in the bottom illustration.*

DUNN'S Page 23

TOP PHOTOGRAPH BY HARRIS & EWING;  
LAUNCHING OF THE AIRCRAFT CARRIER  
"WASP" BY BETHLEHEM STEEL COMPANY;  
OTHER PHOTOGRAPHS PROVIDED THROUGH  
THE COURTESY OF THE UNITED STATES ARMY

# THE TREND OF BUSINESS



TELEK PHOTOGRAPH FROM SUND

*Short and long-term prospects of business at the close of the year were increasingly conditioned by national preparedness efforts. Despite some production declines reflecting materials shortages, prices and wages continued upward, while retailers, welcoming the Christmas rush, witnessed record sales levels.*

ORE and more industrial raw materials were diverted from the hands of civilian goods producers and made available for Government procurement and a growing defense establishment as the twentieth century reached its half-way mark.

Army, Navy, and Air Force expenditures reached an annual rate in November of \$17.6 billion, while the average of military spending in the five months following the outbreak of conflict in Korea amounted to an annual rate of \$14.8 billion.

Military procurement orders from July through November aggregated \$8.1 billion, or roughly 7 per cent of the total new orders received by manufacturers during that time.

The output of industry in December remained nearly on a par with that of the preceding month. In November it

was 214 per cent of the 1935-1939 average, according to the Federal Reserve Board, compared with an industrial output index of 173 in the same month of 1949.

Steel ingot production in November totalled \$807,028 net tons, 89.6 per cent above that of November 1949. November production, at 98 per cent of rated capacity, represented a moderate drop from the all-time high reached in the preceding month.

Meanwhile, the nation's automotive industry was beset with a steadily tightening supply of essential materials, reflecting in part National Production Authority conservation orders regarding the civilian use of aluminum, copper, and other nonferrous metals. This, together with seasonal model changeovers and inventory taking, restricted November output to 593,545 cars and

trucks, 23 per cent below the previous month's level. Total output, however, exceeded last year's level by 37 per cent.

Dipping on the yearly ebb-tide of early Winter influences, the total value of new construction amounted to \$2.5 billion in November, an 8 per cent drop from the previous month's level. It surpassed that of the same month in 1949 by 23 per cent.

A new November record of \$1,020 million was spent for private construction. The value of new construction for national defense was \$17 million.

In the first three months of 1951 total capital outlay for plant and equipment by the nation's industry will amount to \$4.8 billion, according to Security and Exchange Commission and Department of Commerce estimates. This would be the highest rate for any quarter on record. Total plant and

equipment expenditures in 1950 reached an estimated \$18.1 billion, nearly unchanged from the 1949 level.

**Employment** Civilian employment in November amounted to 61.3 million persons or 96.5 per cent of the available civilian labor force, while the number of job seekers increased by 300 thousand persons to 2.2 million. In November 1949 a total of 59.5 million civilians were regularly employed, accounting for 94.6 per cent of the civilian labor force, while unemployment was 3.4 million.

**Prices and Wages** Spot prices of many commodities increased throughout November and December. The weekly Wholesale Commodity Price Index of the United States Bureau of Labor Statistics reached a new all-time high of 173.4 per cent of the 1926 average in the week ended December 16. The index was 171.0 in the middle of October and 151.2 in the week ended December 17, 1949.

Average weekly earnings of production workers surged to a new high of \$61.98 in October, the most recent month for which figures are available. This was a \$1.31 rise from the previous month's level.

**Finance** Stock prices reacted sharply at the end of November reflecting the unexpected turn in events at that time in the Far East, but mounted again in December. The Dow-Jones average of 30 industrial stocks for the month of November was 231.99 compared with 229.32 in the preceding month and 191.61 in the same month of 1949.

**Wholesaling** Accelerated reordering of Christmas merchandise and an increased tempo of Government procurement characterized wholesale transactions through November and the first half of December. Aggregate wholesale order volume rose appreciably above earlier Fall levels and surpassed the November

# Compass Points

	Year	June	July	Aug.	Sept.	Oct.	Nov.
Employment, total.....	1948	61.3	61.6	61.2	60.3	60.1	59.9
	1949	59.6	59.7	59.9	59.4	59.0	59.5
	1950	61.5	61.2	62.4	61.2	61.8	61.3
Unemployment.....	1948	2.2	2.2	1.9	1.9	1.6	1.8
	1949	3.8	4.1	3.7	3.4	3.6	3.4
	1950	3.4	3.2	2.5	2.4	1.9	2.2
Farm Income.....	1948	2.4	2.7	2.7	3.1	3.7	3.3
	1949	2.1	2.2	2.4	2.9	3.4	2.9
	1950	1.9	2.4	2.6	2.8	3.6	3.1
Consumers' Credit Outstanding.....	1948	12.8	12.8	13.0	13.3	13.6	13.8
	1949	14.3	14.4	14.6	15.0	15.3	15.9
	1950	17.7	18.3	18.8	19.3	19.4	...
Hourly Earnings of Industrial Workers.....	1948	1.34	1.36	1.37	1.39	1.39	1.40
	1949	1.41	1.41	1.40	1.41	1.39	1.39
	1950	1.45	1.46	1.46	1.48	1.50	1.52
Weekly Earnings of Industrial Workers.....	1948	53.87	53.97	55.06	55.16	55.60	55.60
	1949	54.51	54.63	54.70	55.72	55.26	54.43
	1950	58.85	59.21	60.32	60.68	61.98	62.08
Manufacturers' Sales.....	1948	18.2	17.9	18.5	18.7	17.8	18.0
	1949	16.8	16.0	17.7	17.6	15.8	16.2
	1950	19.8	20.7	22.8	21.2	22.9	...
Manufacturers' Inventories.....	1948	30.7	31.0	31.3	31.7	31.8	32.1
	1949	31.2	30.4	29.7	29.3	28.9	28.7
	1950	29.9	29.7	29.7	30.6	31.2	...
Wholesalers' Sales.....	1948	8.7	8.6	8.5	8.5	8.1	8.2
	1949	7.7	7.2	7.5	7.5	7.1	7.6
	1950	8.4	9.0	9.6	8.9	8.8	...
Wholesalers' Inventories.....	1948	8.9	9.2	9.4	9.6	9.7	9.7
	1949	9.0	9.1	9.1	9.2	9.1	9.1
	1950	9.5	9.3	9.6	9.9	10.2	...
Retailers' Sales.....	1948	10.9	10.9	11.0	11.0	10.9	10.8
	1949	10.7	10.5	10.7	10.8	10.7	10.6
	1950	11.7	12.7	12.7	12.1	11.8	11.7
Retailers' Inventories.....	1948	14.3	14.4	14.5	14.9	14.9	15.0
	1949	14.2	13.9	13.9	14.4	14.5	14.3
	1950	14.7	14.1	15.1	15.8	16.5	...
Physical Production Index.....	1948	192	186	191	192	195	195
	1949	169	161	170	174	166	173
	1950	199	196	209	212	215	214
Freight Carloadings.....	1948	3.5	4.2	3.6	3.5	4.6	3.3
	1949	3.6	2.8	2.9	3.4	2.4	2.6
	1950	3.9	3.0	3.4	4.2	3.5	3.2
Building Permits, 120 Cities.....	1948	298	275	296	284	247	230
	1949	317	241	279	311	310	245
	1950	462	418	434	322	421	338
Commercial and Industrial Failures.....	1948	463	420	439	398	459	460
	1949	828	719	810	732	802	835
	1950	725	694	787	648	707	683
Liabilities of Failures.....	1948	12.2	13.9	21.4	20.7	25.1	24.4
	1949	28.2	21.8	31.2	20.6	23.9	22.8
	1950	18.1	19.5	18.4	15.3	16.6	18.9

The figures above bring up-to-date some of the series included in "The Compass Points of Business" quarterly supplement to the November issue of Dun's Review. The next complete quarterly supplement will appear in the February issue of this magazine.

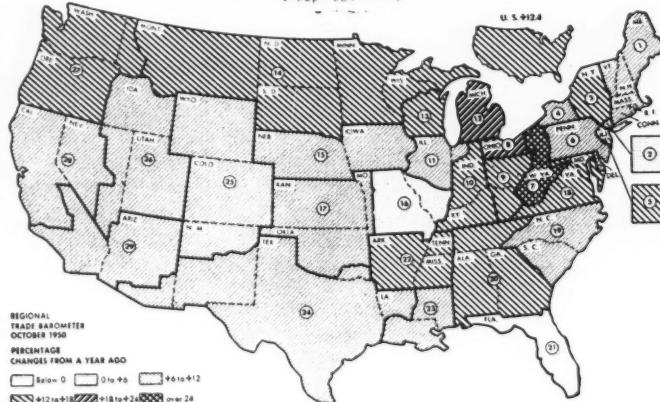
Weekly Signposts of Activity

WEEKLY AVERAGES 1939	1949	SELECTED BUSINESS INDICATORS	LATEST WEEK	PREVIOUS WEEK	YEAR AGO <sup>1</sup>	WEEK ENDED
102	150	Steel Ingot Production Ten Thousand Tons	193	194	172	Dec. 30
76	82	Bituminous Coal Mined Hundred Thousand Tons	117	114	87	Dec. 16
69	120	Automobile Production Thousands Automobiles	149	165	112	Dec. 23
31	55	Electric Power Output Ten Million K.W. Hours	70	69	60	Dec. 16
65	69	Freight Carloadings Ten Thousand Cars	77	77	64	Dec. 16
109	285	Department Store Sales Index Number	640	554	584	Dec. 16
77	155	Wholesale Prices Index Number	175	174	151	Dec. 23
74	212	Bank Debits Hundred Million Dollars	306	272	269	Dec. 20
76	275	Money in Circulation Hundred Million Dollars	279	278	278	Dec. 23
219	178	Business Failures <sup>1</sup> Number of Failures	174	150	106	Dec. 21

Sources: Amer. Iron & Steel Inst.; U. S. Bureau of Mines; Automotive News; Edison Electric Inst.; Amer. Assoc. of Railroads; Federal Reserve Board; U. S. Bureau of Labor Statistics; DUN & BRADSTREET, INC.

Regional Trade Activity

(1935-1939=100)



REGION:	Change from			REGION:	Change from		
	Oct.	Sept.	Oct. to Sept.		Oct.	Sept.	Oct. to Sept.
United States	421.0	412.4	-1.7	1. Iowa and Nebraska	653.4	680.0	+4.9%
1. New England	240.4	233.5	-2.8	2. St. Louis	615.8	632.7	+2.7
2. New York City	316.0	303.8	-3.7	3. Kansas City	611.6	618.4	+4.6
3. Albany, Utica and Syracuse	418.0	414.5	-1.1	4. Maryland and Virginia	608.3	612.7	+1.4
4. Buffalo and Rochester	286.2	281.0	-1.8	5. North and South Carolina	432.3	431.8	-0.3
6. New Jersey	231.6	234.0	+1.4	6. Atlanta and Birmingham	293.0	300.4	+2.5
7. Philadelphia	316.6	311.2	-1.7	7. Florida	495.4	495.3	-0.1
8. Pittsburgh	414.4	393.5	-5.1	8. Memphis	690.5	642.0	-4.3
9. Cleveland	547.0	530.3	-2.7	9. New Orleans	694.4	610.6	-12.5
10. Cincinnati and Columbus	437.0	415.3	-4.3	10. Texas	418.6	400.0	-5.2
11. Indianapolis and Louisville	376.8	415.7	+2.8	11. Denver	611.5	618.7	+4.5
12. Chicago	509.0	511.6	+1.5	12. Salt Lake City	626.3	614.4	-1.9
13. Detroit	681.6	670.5	-1.6	13. Portland and Seattle	611.4	611.1	-1.6
14. Milwaukee	416.9	412.9	-1.0	15. San Francisco	462.6	461.6	-1.6
15. Minneapolis and St. Paul	448.8	432.8	-3.4	16. Los Angeles	561.7	488.8	-12

levels of 1949. There was a noticeable rise in advance bookings for Spring and Summer deliveries.

**Retailing** With the demise of the old year, retail merchants throughout the nation reported that their 1950 dollar volume had, on the average, exceeded all previous levels. Preliminary estimates indicated that total retail sales for the year 1950 slightly surpassed those of the previous peak year of 1948 when consumer purchases amounted to \$130 billion.

Heralding the holiday season, December shoppers spent considerably more in retail stores than they did in the pre-Christmas weeks of 1949.

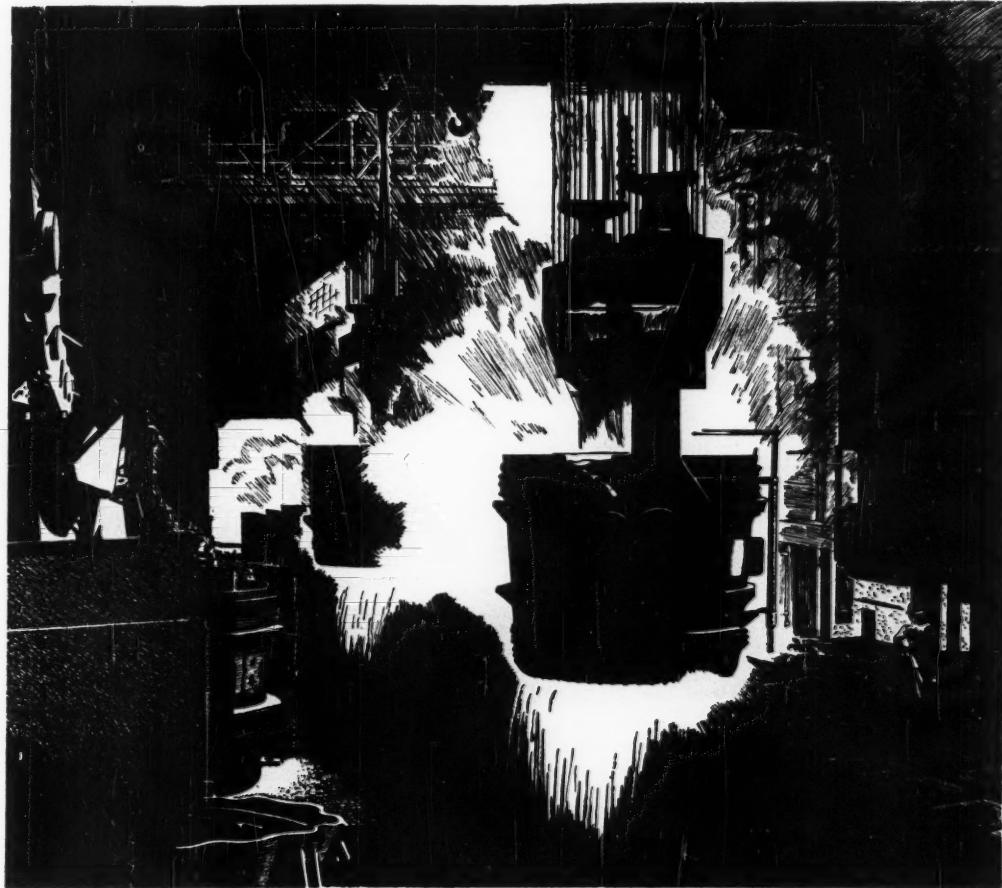
On a seasonally adjusted basis, the volume of consumer spending in November dipped slightly. The DUN'S REVIEW Regional Trade Barometer at 306.4 (preliminary) was 4.5 per cent below the previous month, but 10.7 per cent above the 1949 level. The barometer is based on the 1935-1939 average and is adjusted for the number of business days in the month.

**Failures** Business failures in November totalled 683, a 3.3 per cent drop from the previous month; they were below the 1949 level for the sixth consecutive month. Casualties were 18 per cent below the 835 recorded a year ago, but exceeded those of any other November since 1941.

DUN'S FAILURE INDEX, which extends the monthly failure rate to an annual basis and adjusts for seasonal fluctuation, declined slightly to 34 casualties per 10,000 listed businesses. This rate compared with 41 a year ago and 60 in 1940.

November liabilities of business failures rose to \$18,864,000, the largest amount in four months. This reflected primarily an increase of failures with \$100,000 or more liabilities. While small casualties involving less than \$5,000 increased in number, those involving \$25,000 to \$100,000 liabilities fell to the lowest level since 1948.

A majority of the failures, 70 per cent, were businesses which had been in op-



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**HANNA IRON ORE COMPANY**, Cleveland, Ohio. Produces ore from extensive holdings in the Great Lakes Region.

**THE HANNA FURNACE CORPORATION**, Buffalo, New York. Produces various grades of pig iron.

**NATIONAL STEEL PRODUCTS COMPANY**, Houston, Texas. Operates warehouse and distribution facilities for steel products in the Southwest.

**NATIONAL MINES CORPORATION**. Coal mine and properties.

The year 1951 will record accomplishments at National Steel which will be milestones in the Company's progress and will help materially to increase America's supply of steel.

The year will witness the completion of a new blast furnace, open hearth furnaces, and other important facilities—part of a continuing expansion program already of several years' duration.

By early in 1952, National Steel—the country's fifth largest and fastest-growing producer of steel—will have increased its capacity from 4,500,000

tons of ingots to 5,500,000 tons of ingots per year.

But National Steel will not be content to stand on this achievement. From the day of its organization, National's record has been one of constant expansion—because of unshakeable confidence in America's capacity for continuous growth and improvement that would require more and more of National's products.

That confidence is as strong today as ever. As an American institution, National's plan for the future—as always—is to grow with America.

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eration less than five years. Of these 19 per cent were businesses begun in 1949 and 10 per cent were businesses started in 1950.

The month's decline occurred principally among retail enterprises; manufacturing failures were the same number as in the previous month and wholesaling failures increased.

Both the trade and the manufacturing groups sustained fewer failures than in 1949, declines ranging between 22 and 29 per cent. In manufacturing, food, lumber, paper, and printing industries had marked decreases. In wholesaling, food, lumber and building materials dealers accounted for a major part of the decline. In retailing, the decline appeared in all lines other than

apparel. Construction and commercial service failures were more numerous than in the previous year.

Increased failures occurred in three areas; while New England and Mountain region casualties rose somewhat from the previous month, those in the Pacific region were the most numerous in six months. Marked declines from 1949 took place in the majority of regions.

Fewer businesses failed in the twenty-five largest cities than in the previous month. In non-metropolitan areas an increased number of business failures were reported. While New York City failures were down to 121, they were three times as numerous as in any other large city.

#### WHOLESALE FOOD PRICE INDEX

The index is the sum total of the price per pound of 31 foods in general use, not a cost of living index.

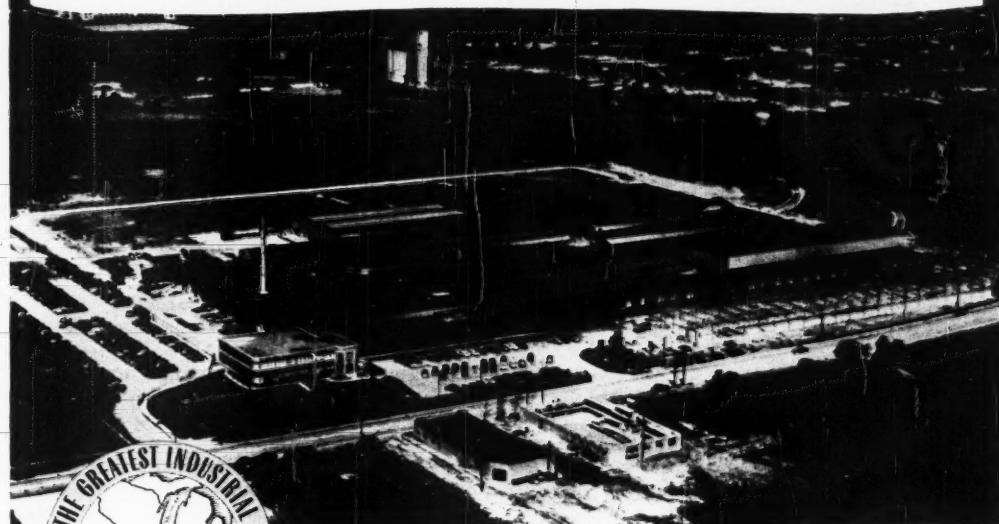
Latest Weeks	Year Ago	1950
Dec. 26, \$6.90	Dec. 27, \$5.72	High Dec. 26, \$5.90
Dec. 14, 6.80	Dec. 20, 5.75	Low Jan. 14, 5.75
Dec. 12, 6.77	Dec. 14, 5.72	1949
Dec. 5, 6.72	Dec. 6, 5.76	High Jan. 4, 5.82
Nov. 28, 6.67	Nov. 29, 5.79	Low Oct. 11, 5.57

#### DAILY WHOLESALE PRICE INDEX

The index is prepared from spot closing prices of 30 basic commodities (1940=100=100).

Week	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
Dec. 26, Holiday	101.62	108.85	107.50	107.50	107.50	107.50	107.50	107.50	107.50
Dec. 27	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Dec. 28	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Dec. 29	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Dec. 30	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Dec. 31	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 1	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 2	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 3	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 4	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 5	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 6	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 7	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 8	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 9	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 10	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 11	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 12	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 13	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 14	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 15	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 16	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 17	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 18	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 19	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 20	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 21	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 22	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 23	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 24	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 25	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 26	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 27	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 28	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 29	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 30	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Jan. 31	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 1	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 2	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 3	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 4	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 5	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 6	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 7	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 8	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 9	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 10	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 11	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 12	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 13	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 14	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 15	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 16	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 17	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 18	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 19	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 20	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 21	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 22	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 23	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 24	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 25	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 26	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 27	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 28	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 29	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 30	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Feb. 31	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 1	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 2	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 3	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 4	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 5	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 6	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 7	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 8	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 9	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 10	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 11	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 12	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 13	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 14	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 15	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 16	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 17	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 18	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 19	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 20	101.66	108.86	107.52	107.52	107.52	107.52	107.52	107.52	107.52
Mar. 21	101.66	108.86	10						

# INDUSTRIAL SITES with "ELBOW ROOM" in CHICAGO AND NORTHERN ILLINOIS



The increasing productivity in all our manufacturing industries, and the continuance of this increase which must take place to support our present economy, again

bring the great industrial advantages of the Chicago and Northern Illinois area into sharp focus. Important among these is "elbow room" . . . room for industries to expand, if they need to, and desirable living facilities for increasing numbers of employees.

Here in an area of 11,000 square miles, Chicago and Northern Illinois, a multitude of desirable plant sites are available—all within easy access to the greatest industrial center of the United States and yet all offer that advantage which is so essential in these days—decentralization and room to grow.

Add to this, the tremendous facilities in Chicago and Northern Illinois for transportation, marketing, research, education, culture and good living and you have a combination of industrial advantages unequalled elsewhere in the world.

Whether the requirements of your business are those of a compact industrial area or those to be found in smaller but easily accessible cities nearby, the Chicago and Northern Illinois area offers the necessary diversity to include the type of location you need.

*A LETTER TO US . . . describing your requirements will bring you a careful analysis of this area's advantages as they apply to your business. Or, if you wish, we will send you a carefully screened list of the available buildings or sites that would be suitable for your operations, based on the information you give us. We keep all such inquiries confidential. Just write us.*

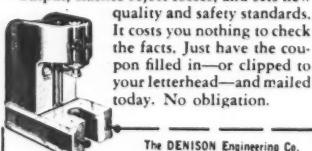
**Industries in the Chicago Area have these outstanding advantages:** Railroad Center of the United States • World Airport • Inland Waterways • Geographical Center of U. S. Population • Great Financial Center • The "Great Central Market" • Food Producing and Processing Center • Leader in Iron and Steel Manufacturing • Good Labor Relations Record • More Than 2,800,000 Kilowatts of Power • Tremendous Coal Reserves • Good Government • Good Living • Good Services for Local Tax Dollars.

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## The Business Bookshelf

HOW TO DEVELOP YOUR THINKING ABILITY, by Kenneth S. Keyes. Illustrated by Ted Key. McGraw-Hill, 246 pages, \$3.50.

**T**HINKING, at best a remarkably tiresome activity, is almost made into a pleasure by this hilarious escapade into painless semantics. Every page is chock-full of anecdotes, for one thing, and both pertinent and amusing they are, too. They demonstrate as nothing else can all the pitfalls into which the human mind is prone to wander.

For example, there's the one about the Chinese delegate to the UN, who, when asked by a reporter what he considered the oddest thing about Americans, replied, "the peculiar slant of their eyes." This, of course, underscores the shaping of attitudes by environment, a major obstacle to sound thinking. Some other distorting influences, presented by similar means, are the either-or fallacy, the generalization fallacy, and the habit of concluding from incomplete facts.

In a section on business, case histories are examined, showing how the avoidance of these wrong habits of thought can spell the difference between success and failure. Besides business, there are interesting applications of scientific thinking to social

conduct, marriage, and even the precarious world of tomorrow.

The late Alfred Korzybski may well be whirling in his grave over Mr. Keyes' capricious handling of his eminent researches in general semantics; we ordinary mortals should rejoice, however, in so palatable a presentation of this important subject as afforded by a text peppered with wit and illustrated with Ted Key's wonderfully zany cartoons.

ECONOMIC ASPECTS OF ATOMIC POWER, by Sam H. Schurr and Jacob Marschak. Princeton University Press, 289 pages, \$6.

The atom is the smallest known particle of matter; contained in its structure, however, is the source of a power great enough to turn mountains into valleys. Thus far the world has been painfully aware of the life-destroying potential of this power. That there is also a positive, life-fulfilling potential is the theme of this book, a pioneer investigation into the peaceable uses of atomic energy.

The authors, working under the direction of the Cowles Commission for Research in Economics, confine their analysis to developments of the foreseeable future. Under this heading is the generation of heat through "controlled" fission by means of a reactor.

### CURRENT READING

#### BOOK

HOW YOU CAN SELL TO THE GOVERNMENT, by Harry A. Rochester, B. G. Forbes & Sons, 366 pages (unbound), \$7.50.

INVENTORIES AND BUSINESS CYCLES, by Moses Abramovitz. National Bureau of Economic Research, 632 pages, \$6.

SUCCESSFUL SALES PROMOTION, by Harry Simmons. Prentice-Hall, 441 pages, \$5.65.

THE PRUDENTIAL, by Earl Chapin May and Will Oursler. Doubleday, 372 pages, \$5.

PERSONAL FINANCE, by John A. Leavitt and Carl O. Hanson. McGraw-Hill, 374 pages, \$3.50.

SOCIAL ECONOMY AND THE PRICE SYSTEM, by Raymond T. Eves. Macmillan, 356 pages, \$3.50.

#### SUMMARY

The low-down on whom to see and how; also covered are such relevant topics as the handling of red tape, the rôle of government planning in a defense economy, and the truth about "five-per-centers."

The latest link in the National Bureau's important series of studies into the causes of "boom-and-bust." Inventory changes are convincingly presented here as a basic consideration.

Ready-reference tips on all conceivable aids to selling culled from the rich experience of an old-timer in the field. Included are numerous photographs of displays.

The story of John Dryden and of how his dream of cheap industrial insurance materialized into one of the world's most stalwart and progressive insurance companies.

A general treatment of our present-day economy from the standpoint of the individual. Among many interesting chapters is one on the effect of inflation on income.

A searching analysis of how far "welfare state" measures could go without interfering with consumers' sovereignty and other precious freedoms.

## SALES



DRAWING BY TED KEY FOR "HOW TO DEVELOP YOUR THINKING ABILITY"

"...then why have sales dropped? We turn out the best candle snuffers in the world!"

Energy for industrial uses would be thus derived indirectly, rather than directly from the explosive force itself—a thoroughly uncontrollable undertaking at present.

A large portion of the book is given over to a detailed comparison of the costs of traditional fuels such as coal, oil, and water power, with an estimated cost for similar amounts of atomic power. Comparisons are made according to countries and regions, and highlighted by excellent maps and tables. Another section discusses the applicability of atomic power to various industries particularly dependent upon electricity or heat. Included are the aluminum, steel, glass, and residential heating industries.

Although the authors frankly assume this study to be of an exploratory nature, it is of inestimable value as a reliable preview of the new industrial age that beckons.

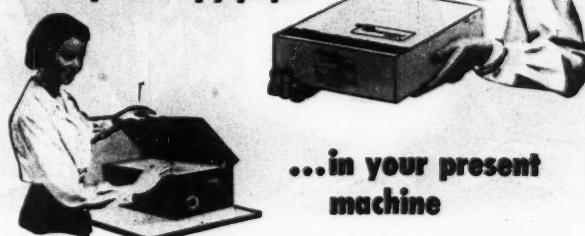
MANUAL OF PREVENTIVE LAW, by Louis M. Brown. Prentice-Hall, 356 pages, \$5.

Knowing what to do till the lawyer comes, as in the case of the doctor, sometimes renders the visit unnecessary. Lewis M. Brown, himself a practising attorney, has performed a service of incalculable worth in condensing a large part of this knowledge into a volume designed especially for the layman. While the field of medicine abounds in books on home-therapy, this is probably, the first example of legal aid offered in a like manner.

Divided into two parts, *Manual of*



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service...with less paper waste, for Kodagraph Contact Paper has wide latitude and exceptional uniformity...which eliminates the need for split-second timing and trial-and-error testing...reduces "re-makes."

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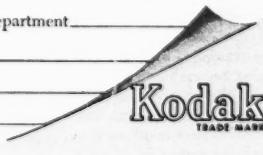
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# Nothing to it! Anyone can make CARBON PAPER



**All you have to do, friends, is—**melt up a kettle of carnauba wax with naphthenic base oil. Then you add a few dashes of methyl violet and a generous portion of micro-crystalline wax. Now, mix in carbon black and tung-stated toner and grind the whole batch to 398 Angstrom Units—no more—no less. Be sure to check particle size and uniformity under a microscope. You're ready now to brush the compound onto carbonizing tissue. Thickness must be plus or minus .00025". Test density on an opacimeter, check manifolding qualities and aging characteristics and cut to sizes.

There you are! That's how you make carbon paper. It's a little work, of course—and the more skilled you are, the better will be your sheet of carbon paper. Columbia, for example, has specialized for years in making fine carbons. The five Columbia brands—Marathon—Commander—Silk Gauze—Pinnacle and Rainbow—will be found everywhere in offices where quality standards for typing are highest.

We're certain that Columbia carbon paper will satisfy you too. As a convineer, we have this no-cost-to-you proposition. Write, on your business letterhead, telling us the make and model of your typewriter and the number of carbon copies you make at one time. We'll send a generous sample of the Columbia carbon paper best suited to your needs.

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**Preventive Law** is concerned with both general theory and the study of particular cases. Part I, in explaining how preventive law operates, discusses such points of vital interest to business men as how to minimize legal risks, and what to look for as danger-signs of potential law-suits. The legality of claims is also covered here.

The day-to-day use of preventive law is described in Part II. Documents from actual cases are employed by the author to underscore the material. Some of the situations referred to in this section are the renting of property, starting in business, extending credit, handling insurance—and even the hiring of attorneys.

**THE ECONOMICS OF FREEDOM**, by Howard K. Ellis. Harper & Bros., 672 pages, \$5.

One would be hard put to find a single detail of the Marshall Plan not covered by Dr. Ellis' exhaustive effort. Every significant development, from its inception in June 1947 up to the present, is recounted in an easy, non-technical manner at once brilliantly informative and refreshingly free of axe-grinding.

Each country in Europe is treated separately, its particular post-war economic problems dissected, and then examined within the framework of American aid. In a concluding section an appraisal is made of the aid program in terms of tangible results, along with well-based recommendations for future ECA policy.

This study was compiled under the auspices of the Council on Foreign Relations, publisher of the influential quarterly, *Foreign Affairs*.

**AIRWAYS ABROAD**, by Henry Ladd Smoot. University of Wisconsin Press, 355 pages, \$4.

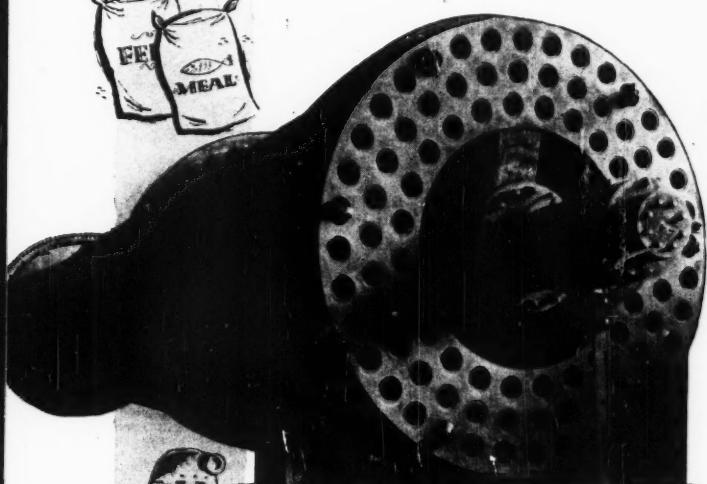
The entire colorful panorama of America's last frontier—her foreign air routes—is here presented for the first time between two covers. The dinosaurian struggles between Pan American Airways, Trans World Airlines, and the sky-giants of other nations for the rich treasures of global travel are drawn against a backdrop of ingenuity, luck, and the exigencies of wartime. The documented text is accompanied by photographs of historic and contemporary interest.

for better product  
or profitable by-products...

# General American

## Louisville Dryers

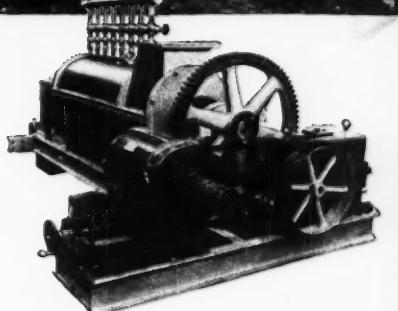
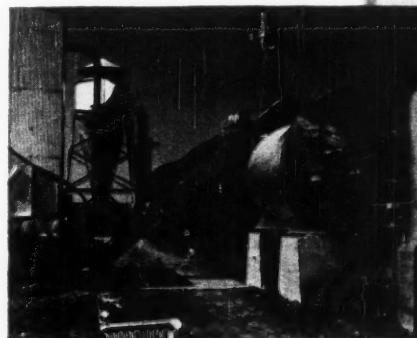
often change "losing" operations into profit makers!



Louisville Drying Machinery Unit  
**GENERAL AMERICAN TRANSPORTATION CORPORATION**

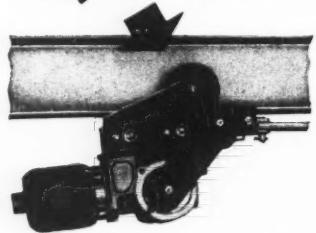
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Fitting the dryer to the job insures drying efficiency, product quality, economy. So submit your problem to Louisville.

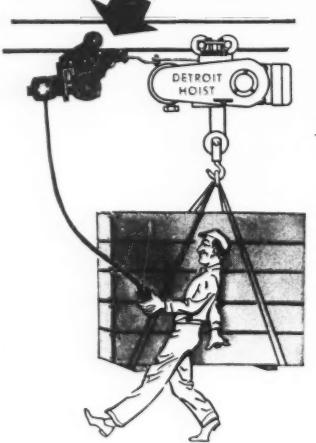




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Most every plant has some slow, hand traveled hoists, cranes, conveyors and other units that would do more work faster if they were power traveled.

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DH-131

## HERE and THERE

**Letter Writing**—To improve correspondence, a letter writing clinic has been instituted at the Hickok Manufacturing Company, Inc., Rochester, N. Y., producer of men's wear, jewelry, and wallets.

District service managers, secretaries, stenographers, and typists are required to take the twelve-hour training course, with non-salaried employees receiving pay for this after hours activity. Other supervisors concerned with letter writing are invited to participate.

Herbert Watson, Hickok training director, set up the program. The conference leader was chosen from outside the company in order to have a person who was not concerned with plant relationships and thus could look at things through the eyes of an outsider.

**Versatile Cartons**—The shipping carton may double as a dealer display, carrying point of purchase advertising material, where the low unit price of the merchandise precludes expensive displays.

One such multi-purpose unit has been originated by the Hinde & Dauch Paper Company, Sandusky, for the promotion of a manufacturer's line of penny candies. The dealer converts the one-piece, die-cut corrugated box into a counter display by following simple directions.

**Officers for a Day**—Clerks in the Grand Union Company assumed direction of the organization for a day recently, occupying posts ranging from company president to store and meat department managers in each of the 300 food stores.

Copied after the scheme of having school children assume civic posts for a day, the Grand Union plan is believed to be the first to be used commercially. Its dual purpose was to afford executives of the company with a better knowledge of the people on their "way

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Plenty Of Good Processing Water.

Maine Workers Are "Producers"  
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Safety and Service Award Emblems help build better employee relations needed in the current competitive era.

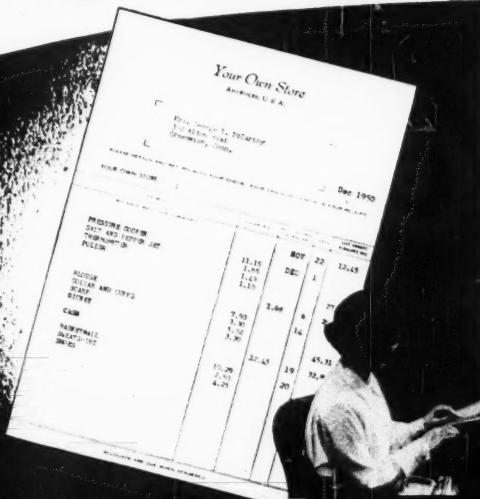
Metal Arts emblems are of finest quality and attractively priced. Let us suggest a distinctive design for your company.

Also Identification Badges, Plaques, Athletic Medals, Trophies, etc. Write for information.

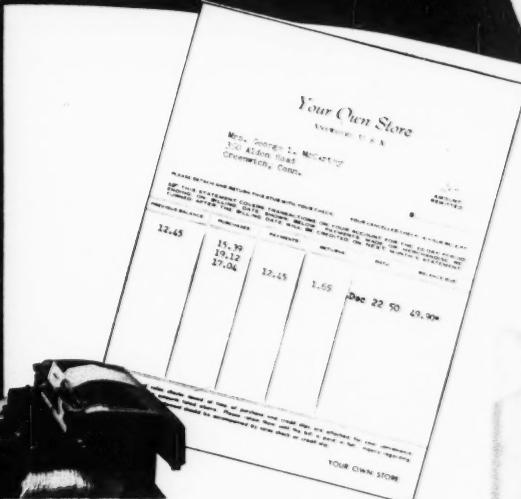
**METAL ARTS CO., Inc.**

Dept. 45, Rochester, N. Y.

# Billing clerks had to do this... now only this



This descriptive-type bill took 1 minute and 20 seconds for the billing clerk to prepare.



This simplified bill—made possible by Recordak's Photographic Billing System—was turned out in 9 seconds flat!

Illustrating just one of the ways Recordak microfilming is increasing efficiency in 65 different types of business... in thousands of concerns



Before... billing clerks in retail stores had a tedious job... had to list and describe each article shown on "charge account" sales checks. A 100% duplication, actually, of the salesclerk's record-keeping.

But, today, this waste of time and effort is a thing of the past for the hundreds of stores—large and small—using Recordak's Photographic Billing System.

Now... billing clerks post only the sales-checks totals... plus any credits and returns. No individual descriptions and price listings are required... because the original sales checks are microfilmed (for the store's record) and forwarded to the customer along with the simplified bill.

As a result, billing clerks can handle many more accounts... with greater accuracy... can keep ahead of schedule—even during seasonal peak periods. Fur-

thermore, billing machine requirements are reduced as much as 70%. And stationery costs are lower, too.

Regardless of your type of business—or its size—you should investigate Recordak microfilming soon. Remember, it's being used today in 65 different types of business, thousands of concerns—to simplify accounting routines; to get greater protection; to cut filing space requirements 99%; to produce photographically accurate and complete records... instantaneously... at surprisingly low cost.

Write today for a free copy of "50 Billion Records Can't Be Wrong." Recordak Corporation, 414 Madison Ave., New York 22, N. Y.

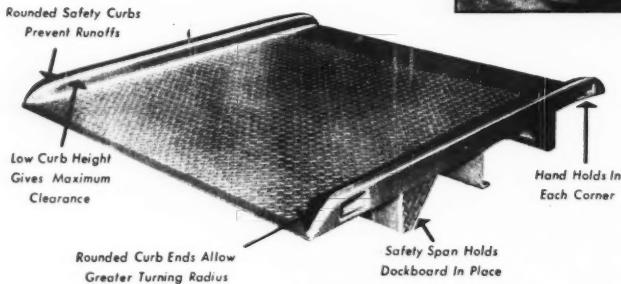
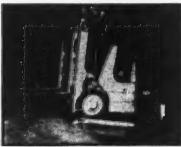
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for trucks or freight cars with  
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NOW you can have your payroll records prepared at lower cost than is humanly possible by the most competent office staff.

That's because specially designed alphabetic and numeric machines now turn out repetitive payroll record work at a phenomenal rate.

Further, you are charged only for the time these ingenious machines are turning out your work.

You can rest assured that your payroll registers and complicated payroll data will be completed on time. You know the records are accurate, too, because they are double-checked to bank standards.

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up" and to give the clerks a greater knowledge of the operations of the business. Four hundred and thirty-two clerks assumed supervisory capacities.

Three persons were selected as "most likely to succeed" by their fellow clerks in each store, in the order of their chances for success. The top man or woman participated in the balloting for the district and division managers and the chief executives. The second and third acted respectively as store manager and meat department manager in their own store.

**Lubrication**—Constant and automatic delivery of lubricating oil in microscopic particles to all types of machine bearings is provided by the "Oil Mist" system devised by the Alemite Division of Stewart-Warner Corporation, Chicago.

The system is designed to effect economy in lubrication, prolong bearing life, permit stepped-up speeds by lowering bearing temperatures, eliminate spoilage of products by doing away with drippage, and cut out machine downtime for lubrication.

**Odors**—Practical methods for controlling industrial odors are contained in a circular, *Control of Odors*, published by the National Bureau of Standards. The 12-page booklet is available from the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., for 10 cents a copy.

**Color Television**—For enticing the window shopper and stimulating sales within the store, the full range of colors may be presented in sharp detail through "Vericolor," Remington Rand-Columbia Broadcasting Company's new wired television system.

Ranking with the department or specialty store's use of color television to stage fashion shows, merchandise displays, and other sales presentations will be the use of Vericolor for instructing industrial workers. Trainees will observe skilled workers at distant points operating machines or performing other functions incident to production.

Further uses of the color telecasting will be for sales presentations, business conferences, displaying advertising layouts, and so on. Medical schools as well

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as public schools and museums will employ Vericolor for visual education.

Full color pictures may be transmitted on a closed wire circuit within a store or factory as well as to different parts of the city and across the nation where coaxial cables and the necessary booster systems are available. Programs already have been relayed to Boston, Washington, and Chicago from New York City.

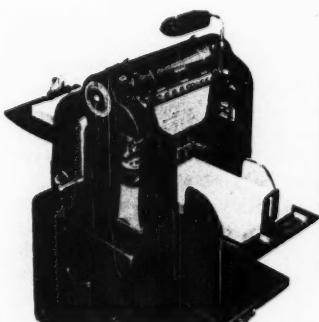
Vericolor expands the scope of "Vericon," Remington Rand's black and white wired television system, used by commerce and industry during the past year (DUN'S REVIEW, May 1949, page 31). As the mechanical principles are different, the latter cannot be adapted to color.

An agreement with the Columbia Broadcasting Company gives Remington Rand the exclusive right to manufacture and sell the equipment used in the industrial and commercial applications of CBS color television.

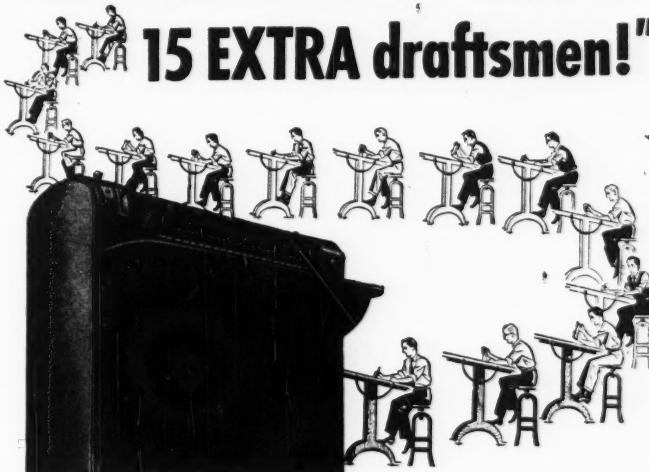
**Stencils**—Affording complete control of inking and engineered to give quality reproduction in color as well as in black and white, a new line of Gestetner duplicating machines has been introduced to the American market by its domestic subsidiary, the Duplicator Corporation, Yonkers, N. Y. Distribution of these British-made machines is through franchised dealers.

Models include the standard electric, a similar model manually operated, an electric machine with a larger printing surface, and a small manual machine, built for the economy market. Raymond Loewy was instrumental in the design of each of these machines.

Employing two cylinders instead of the more common single drum, the



# "OZALID does the work of 15 EXTRA draftsmen!"



says THE TRANE COMPANY of La Crosse, Wisc.

**OZALID—the speedy copying process  
that's 60 TIMES FASTER than costly,  
old-fashioned "copying"!**

The Trane Company, one of America's foremost manufacturers of heating, ventilating and air conditioning equipment, writes: "Now with the aid of our Ozalid equipment, the 44 draftsmen in our Product Design Department turn out as much work as 59 or 60 draftsmen could normally produce."

Skilled manpower is not wasted. This saving in time and labor is vital to the operation of companies like Trane—and the whole economy.

#### Cuts Down Copying Costs

By using Ozalid, Trane's draftsmen can add new designs to existing product plans with a minimum of time and trouble. In a matter of seconds, duplicate masters are made. Design changes are made on the

duplicates, which now become the new masters, while the originals are returned to file.

#### Handles Demand With Ease

With duplicate masters, Ozalid easily fills the weekly demand for tens of thousands of prints to keep Trane's factories humming and their customers satisfied.

And, Trane reports, Ozalid copies—from original or duplicate master—are not only reproduced faster, but are easier to read, easier to stack and more nearly error-proof.

#### For Engineers and Systems Men Alike

No matter what your copying problem is, you can profit from Ozalid's versatility—as hundreds of companies, large and small, have learned. Get the full story on Ozalid. Send for your copy of "The Simplest Business System" today. It's free.

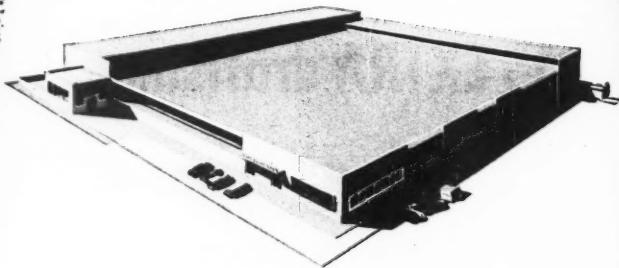
Cut Copying Costs  
... use

# OZALID

OZALID, Dept. 7  
Johnson City, New York  
Gentlemen: Please send free illustrated  
booklet that fully explains the Ozalid

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Company \_\_\_\_\_  
Position \_\_\_\_\_  
Address \_\_\_\_\_  
Or call your local Ozalid distributor  
listed in the classified telephone book.

Ozalid in Canada—Hughes Owens Co., Ltd., Montreal  
Ozalid—A Division of General Aniline & Film Corp. "From Research to Reality"



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**Efficiency** in your new plant begins on the drawing board when you have McCloskey complete construction service. The experience of our engineers is your assurance that your plant will be designed for present needs and future expansion with detailed attention to material flow, equipment placement, receiving and shipping facilities.

**Economy** in your plant construction and maintenance is also a major factor in McCloskey planning. The best material available to suit your operation is recommended and used. Special methods of construction developed over many years of practical building are employed to reduce construction time and keep your initial investment low. At the same time future heating, lighting, and painting costs are borne in mind so that your maintenance is kept to a minimum.

**Satisfied customers** around the world attest to the efficiency and economy of McCloskey construction by having us build plants for them again and again. Your plant can be built to suit your exact needs—quickly and with a minimum of attention to detail on your part. Write today for additional information on how we can serve you. McCloskey Company of Pittsburgh, 3402 Liberty Avenue, Pittsburgh 1, Pa.

# **McCloskey Company of Pittsburgh**

Gestetner duplicators feed a paste ink to the printing surface in somewhat the same manner as a printing press. The ink is brought into contact with the stencil through a silk screen. Packaged in a large flexible tube which is merely clipped into the machine, the ink is vacuum fed to the printing cylinders. It is evenly distributed by the oscillating and revolving action of two waver rollers which operate so that a fresh supply of ink is afforded for each mimeographed copy.

For economy of operation, ink may be fed to the left or right side or center only as well as to the whole stencil.

The ten inks made by Gestetner afford a wide variety of colors.

**Stretch Meter**—The extent to which materials stretch or shrink while being processed through pairs of rollers turning at different speeds is indicated by the recording speed-ratio tachometer, available from the Tagliabue Instruments Division, Weston Electrical Instrument Corporation, Newark, N. J. It is suited for use in the textile, paper, plastics, rubber, chemical, and metal-rolling industries.

**Fungicides and Germicides**—In using antiseptics for the packaging of foods and cosmetics as well as for protecting different types of textiles, industry is benefiting from extensive research in inhibiting germ and fungus growth.

The results of eight years' research to determine which of the various antiseptics are safe for and otherwise adapted to the various desired uses are reported by Dr. Louis C. Barail, head of the department of Biology and Bacteriology of the United States Testing Company, Hoboken. His organization has conducted research for manufacturers of antiseptics, for potential users, and for packaging organizations, verifying the claims of manufacturers and testing for toxicity.

Tested in this laboratory were 420 antiseptics, falling in the following classes: (1) phenol derivatives, (2) heavy metals, and (3) aromatics and metal-free organics. A total of 15 to 20 antiseptics were found to be outstanding, he reports. Half of these were in the first class—phenolic compounds. One or two were found to

be suitable in the third group. The rest were in the second group—mercury and copper derivatives. Most of these are both fungicides and germicides.

The larger part of the antiseptics in Class I have odors limiting their effectiveness; some are volatile. They are very cheap and are employed, where odor and color create no objection, on burlap, cotton and nylon duck, and wood.

Dr. Barail points out that in Class II copper and mercury are noteworthy. Copper salts are relatively cheap, but they often impart a color. They may be used for tent and vehicle covering materials, and for some bags.

Long chain organics, such as those of the phenol mercury group, are odorless, practically colorless, and semi-permanent when applied to cellulose materials. They may be used, says Dr. Barail with wood, cardboard, paper, thin fabrics, and even with cellophane such as in skinless frankfurters. Because of their very low toxicity they are suitable for use in packaging cheese, butter, frozen fish, and various other foods.

The organics and aromatics in Class III are relatively more expensive and possess qualities that the other antiseptics do not have. Most of them are used in cosmetics. Some have an odor of their own which is blended with that of the packaged cosmetic.

**Strapping is dispensed** without backlash or too much slack from the "Straptroller," product of the Signode Steel Strapping Company, Chicago. The strap is fed evenly through an easy pull as the device pulls forward on the strap and back on the reel at the same time. As the strap is dispensed at right angles to the wheels, the holder will not roll in the direction of the pull of the strap.

**Sticker**—A new type of display sticker, which can be easily removed without mark or stain and after removal can be used again, is marketed by The Decal Plas-Stik Company, New York.

This advertising medium, known as "Plas-Stik," consists of a vinyl film which is cast from Geon paste resin, made by the B. F. Goodrich Chemical Company. The sticker adheres without adhesive to glass, and to enameled,



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American Credit pays you when your customers can't . . . protects you against their inability to pay because of strikes, floods, lawsuits, material shortages, Government restrictions and other unforeseeable events. And American Credit enables you to get cash for past due accounts . . . improves your credit standing with banks and suppliers (important benefits if you are operating at high volume with limited working capital). An American Credit policy can be

tailored to your own requirements . . . insuring all, a specified group, or just one account.

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PRESIDENT



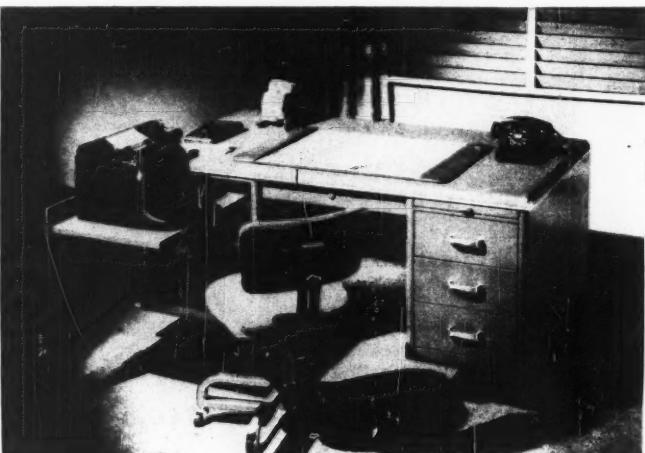
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OFFICES IN PRINCIPAL CITIES OF  
THE UNITED STATES AND CANADA



*We've got  
a  
swell P.A.*



MTEP-60 CRESTLINE Secretarial Desk

And he's probably listening, but we don't mind. You see, our Purchasing Agent just outfitted the whole office with Security CRESTLINE Desks. They make working a breeze and our office looks beautiful, too. And if you are the P.A.'s secretary why not drop this ad on his desk as a gentle hint.



glossy, painted, or metal surfaces. It can be formed in thicknesses ranging from 3 to 10 mils, or heavier if desired, and cut in any shape. The advertiser's name, slogan, or trade mark, is printed in multi-colors by the silk screen process.

**Fork Truck Maintenance**—Features designed to greatly increase the accessibility of parts requiring regular service and maintenance have been incorporated into two new 2,000-pound capacity fork lift trucks manufactured by the Mobilift Corporation, Portland, Ore.

In the stand-up model "E" the hood may be completely removed by taking out six strategically placed bolts. The battery, oil bath air cleaner, oil filter, and other parts likewise are easily accessible. The multiple-disc clutch is placed so that by removing the clutch cover plate the entire assembly can be disconnected and slipped out through the side of the truck for repair or replacement.

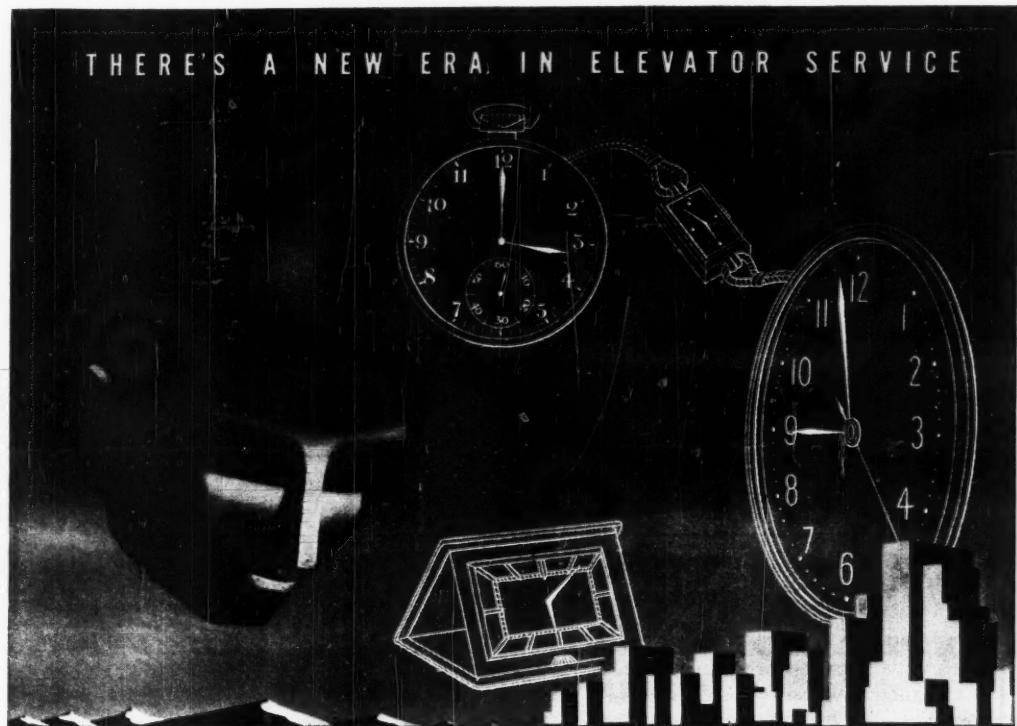
The sit-down model "ER" likewise is arranged so that parts requiring regular servicing and maintenance are easily accessible through the front, or through large double-hinged panels.

**Group Insurance**—Solving the problem of how to present a large amount of rather "dry" material in an interesting way, a sound-slide film recently drew a 98 per cent favorable response from employees of Doubleday & Company, Inc., who had previously refrained from entering the firm's new group insurance plan.

Made by Pathescope Company of America, Inc., the script concerned a newly wed couple who were examining their future security. Following its successful showing to the "standouts," the film was presented to all other personnel as an employee relations move to strengthen the workers' feeling of security in their jobs.

The film, adapted to the automatic sound-slide technique, presented 128 frames in 14 minutes. Stick drawings—pencil sketches in black and white—were combined with the art work to lower the cost of making the film. Washed ink drawings with vivid water colors contributed to the effectiveness of the message.

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### How the world's smartest elevator system adds important minutes to your day

How many times have you wished somebody would develop an elevator system that would never keep you waiting . . . speed you between floors . . . and empty or fill a building in the shortest possible time?

To do just that . . . to help you save those seconds that count so much, Westinghouse developed Selectomatic—the elevator system with an "electrical brain."

This "electrical brain" *instantly* and *automatically* matches calls to cars to floors. Result—there's always a car on its way to answer your calls quickly. Your travel time between floors is dramatically shortened by the new Westing-

house automatic landing control, Synchro-Glide. And—this, the world's smartest elevator system, also increases the number of people handled in rush periods by as much as 30%.

All over the country new buildings and buildings being modernized are installing Selectomatic Elevators. If you're building or modernizing and are concerned with elevators—*test ride Selectomatic before you decide.*

For information on Selectomatic installations in your locality, call or write Westinghouse Electric Corp., Elevator Division, Dept. W, Jersey City, New Jersey.

# Selectomatic Elevators

J-98593

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JAMES MUIR  
*President*

BURNHAM L. MITCHELL  
*Vice-President*

T. H. ATKINSON  
*General Manager*

### *Condensed Annual Statement*

as on 30th November, 1950

## ASSETS

Cash, checks and balances with other banks,.....	\$ 471,113,083.00
Government and other public securities, not exceeding market value .....	1,042,365,803.19
Other securities, not exceeding market value.....	104,282,016.90
Call loans .....	100,004,499.11
Other loans and discounts.....	688,725,564.27
Liabilities of customers under letters of credit.....	69,437,689.31
Other assets .....	21,447,680.59
	<hr/>
	\$2,497,376,342.37

## LIABILITIES

Capital, reserve and undivided profits .....	\$ 86,835,866.95
Notes in circulation .....	249,989.10
Deposits .....	2,337,503,468.93
Letters of credit outstanding .....	69,437,689.31
Other liabilities .....	3,349,328.08
	<b>\$2,497,376,342.37</b>

Over 750 Branches

IN CANADA, ARGENTINA, BRAZIL, BRITISH GUIANA, BRITISH HONDURAS,  
COLOMBIA, PERU, URUGUAY, VENEZUELA, CUBA, HAITI, PUERTO RICO,  
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LONDON AND PARIS. CORRESPONDENTS THE WORLD OVER.

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EDWARD C. HOLAHAN  
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## Agents

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## ...IS AN OLD MAN'S WORD!

**BUSINESS NEEDS COURAGEOUS MEN WITH BURNING AMBITION  
AND FAITH IN THE FUTURE**

It's wise to think ahead . . . to prepare for the future, and lay a solid foundation for an independent old age. But, today, many men in their twenties, thirties and forties are emphasizing security beyond its worth.

They're forsaking the thrill of competition for a monotonous rut—seeking sanctuary in a dull and uneventful job when they should be pursuing the rewards and the glory that go with achievement.

Only beaten men remain on beaten paths. Leaders break new ground—take bold, decisive action! They, too, are thinking of the future. But they're thinking positively, not negatively. They realize the importance of forging ahead while they're still in their prime. And, unlike the timid and the fearful who doom themselves, these men do something about it!

Reflect, for a moment, on your own case: Are you lapsing into that large and pathetic category of men who plod along making little or no progress? Are the dreams you once harbored, the plans you made, growing dimmer and unrealized with the passing years? Are you groping blindly with no specific program for advancement in mind?

### SEND FOR FREE BOOKLET

If you retain a single spark of your early ambition, the ALEXANDER HAMILTON INSTITUTE can probably help you.



The Institute can give you the guidance and inspiration you need. It can show you how to short-cut your way to success in business.

Don't misunderstand: The Institute works no miracles—but it does supply an executive-training plan so complete and scientific that *each day* carries subscribers closer to their goal.

That program is explained in "Forging Ahead in Business"—a 64-page book that has aroused the interest and excitement of business men everywhere.

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Dept. 752, 71 West 23rd Street, New York 10, N. Y.  
In Canada: 54 Wellington Street, West, Toronto 1, Ont.  
Please mail me, without cost, a copy of the 64-page book—  
"FORGING AHEAD IN BUSINESS."

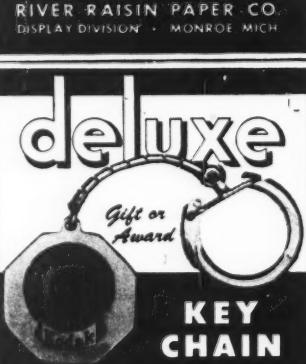
Name. ....

Firm Name. ....

Business Address. ....

Position. ....

Home Address. ....



Put an exact miniature of your product, trade mark, or award insignia on solid sterling medallion to which is attached tubular-link chain and key ring gold filled 1/10.

Another skillful adaptation by Bastian Brothers craftsmen showing how original and useful gifts and awards can now be created in fine jewelry at modest cost. • Other Bastian adaptations available in tie-bar, tie slide and chain, rings, cuff links, lapel emblems, cigarette lighter emblems.

FREE Samples and Sketches

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840 BASTIAN ST.  
ROCHESTER 21, N. Y.

## PRICE CONTROLS

(Continued from page 18)

Furthermore, it is only the retail level in which the wage earner is interested. If the prices at the retail level increase, demands for higher wages will multiply and the whole price-wage system will be quickly unbalanced.

The question arises: How do you propose to reconcile the problem of incentives to produce, whether it is to management, or labor, with the problem of controlling inflation? And I think the answer to the question is this; in war, as in peacetime, people are motivated by a wide variety of incentives.

In war-time you must continue, as in peace, to have the expectation of profits as an incentive in our kind of economy, and I would be the last person to suggest it was either feasible or desirable to change this. However, in war-time the profit incentive may be partially replaced by additional drives, such as the prestige of having produced at a given level, or having met certain contractual arrangements which have nothing to do with the profitability of the goods manufactured.

The profit incentive must continue throughout any war and under any stabilization program, but it will not work by itself. The price stabilizer must depend to a large extent on incentives that arise out of meeting production goals and maintaining high standards in the eyes of fellow producers.

Another important basic problem is that the standard of living of our people is going to be reduced by the impact of military spending on our present economy. If we are going to support a military establishment over a long period of time, we definitely will have either to increase productivity or have a reduced standard of living.

A third World War would necessarily result in a reduced standard of living compared with what we now have by reason of the subtraction from civilian production of the men and materials necessary to support the armed forces. However, even after allowance for the military program now envisaged we will still have in 1951 per capita more cars, radios, automobiles, clothes, and food than we did in 1940. The standard



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**QUALITY PHOTOS in QUANTITY**  
8 x 10 - 5¢, Postcard - 2¢,  
Blowups, 20 x 30 - \$2, 30 x 40 - \$3.  
**NEW NATURAL COLOR PHOTOS**  
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HAND STAMP STENCIL DUPLICATOR**

**MULTISTAMP**  
STENCIL DUPLICATOR

THE MULTISTAMP CO., INC., NORFOLK, VA.

At Your Office or Shipping Room Supply Dealer

of living may be reduced over-all, but this will still leave us in a very comfortable situation.

### Quality Control

Another factor at the retail level that will have to be remembered is that it is never enough just to control maximum prices at the retail level. The price controller or those in authority will immediately have to concern themselves with the quality of the goods sold even at the maximum price level.

It is not enough, for example, that the maximum price ceiling on a line of shirts be set at \$3.50 if you get an inferior shirt at that price. It wasn't until 1942 or 1943, as I remember it, that the Government finally addressed itself to the very complicated problems of the maintenance of quality. I suggest that thought be given to these problems early on the time agenda by those who are concerning themselves with these particular problems at this time.

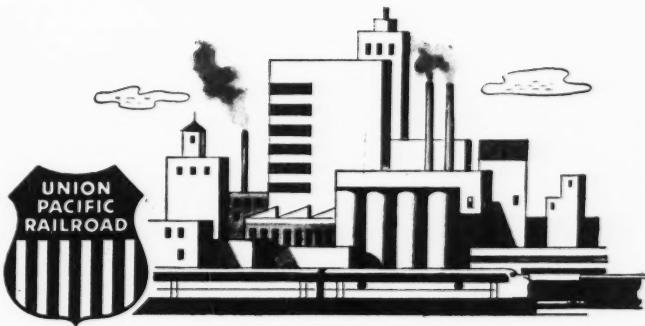
### Central Administration

My final point has to do with the management of the price control program. The initial power will be vested in the new price controller, but fairly soon, and I think more rapidly than in the case of the last war the center of gravity of managerial powers and directing authority will move upstairs. It will go, I am sure, very quickly to the person who has charge of both wages and prices.

I would suggest that it should be a very short time before the central power



"Give this to your production man for the bugs in the new machine!"



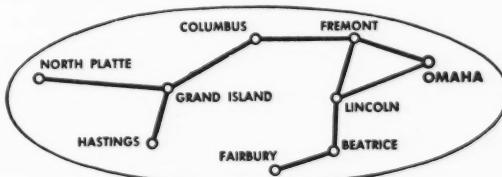
## Available Industrial Properties in the OMAHA Area ...

Union Pacific's Omaha Industrial District of 470 acres offers exceptional opportunities for new or expanding industries. If your plans follow the trend toward decentralization, it will be to your advantage to learn the complete facts about this important new area for your manufacturing, processing and warehousing needs.

Already established in the district are units of such organizations as Socony Vacuum, United Motors

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Similar in many respects to the noted Fairfax (Kansas City) development, the Omaha Industrial District's advantages include a ready supply of skilled, native labor, available utilities, paved areas, and—vital to your national distribution—rail siding potentials providing Union Pacific's dependable freight transportation.



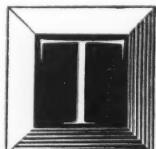
Other choice plant sites along the Union Pacific, in Nebraska, are still available in Lincoln, Grand Island, Hastings, North Platte, Fremont, Beatrice, Columbus and Fairbury.

Systemwide, Union Pacific's industrial plant opportunities include sites in these eleven States: NEBRASKA, KANSAS, COLORADO, UTAH, WYOMING, IDAHO, MONTANA, NEVADA, CALIFORNIA, OREGON and WASHINGTON.

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WEBER ADDRESSING MACHINE COMPANY

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## THE BAROMETERS

The DUN'S REVIEW Regional Trade Barometers, including back figures by months from January 1939; by years from 1935, adjusted for seasonal variation together with additional material, are available in pamphlet form. They measure consumer buying for 20 regions of the United States and for the country as a whole, aiding sales executives in analyzing sales and adjusting quotas.

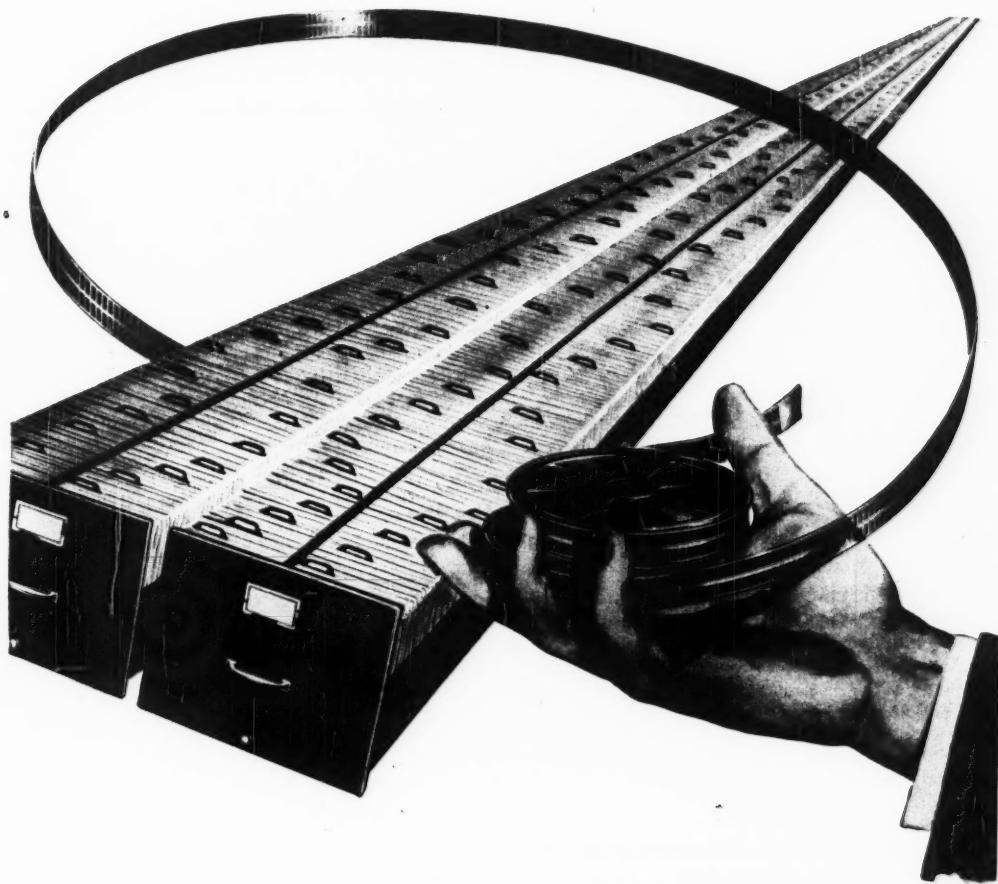
will move another notch above him. In a tight economy such as we now have, with unforeseen dimensions of our military program, the whole area of economic controls is going to have to be very tightly integrated and in a much more speedy fashion than in World War II.

## Central Administrator Needed

The problems of war purchasing by the services, war production, be it through allocation or priorities by the War Production Authorities, price stabilization, taxes, and fiscal policy, are going to have to be all of a piece, and that will not be accomplished until it is recognized that there must be a central administrator in a position to concern himself with all of the pieces at the same time.

It took four years or more in the last war before it became vitally necessary to have somebody making that kind of co-ordinated decision. I suggest that if another war develops such a locus of decision-making power should be made within six to twelve months.

These then I think are some of the lessons one might learn from previous war experience. The time lag between imposition and the visible effects of controls will be cut in half because of the tightness of the economy. The price controller will do a good job if others working beside him do a good job, too. The price controller must resist the efforts to use his powers to solve problems of rationing and production allocation. And I think that the answer to the question of the effectiveness of controls will be at the retail level, and that the management of the whole program should move quickly towards the White House.



## 27,000 STOCKHOLDERS... and the record is complete and safe on these two rolls of microfilm!

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Modern microfilm equipment built by Bell & Howell, and sold by Burroughs, is the finest obtainable. It reflects Bell & Howell's acknowledged leadership in the field of precision instruments for fine photography.

# Burroughs



# Is limited Working Capital your #1 problem for '51?

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## MATERIALS

*(Continued from page 15)*

there one would run into critical materials and critical items that required special treatment. But if the demand and the supply of the steel, and of the copper, and of the aluminum is controlled, we found it resulted in a structure which was simple enough to operate at the top and which brought the general pattern well into line.

I think that in the last experience we fairly well explored and, to a considerable extent, mastered the techniques of material production. One field where progress was far more limited was that of manpower. There is no question of the vital importance of that matter nor is there any necessity for the risk which we are running in that field.

This goes back to an understanding of the philosophy of total war which is that every man serves where he is most needed and most useful. It is high time that we should get busy on this problem beginning with the philosophy of total war and laying sensible plans based on the recognition that manpower is perhaps our greatest weakness and most vulnerable point. Plans for handling this question should be at least as adequate as the plans for handling materials were last time.

One thing that I observed when I went to Washington was the rather complete disregard for past experience. It was amazing to find how few people had studied, much less read the basic works of Mr. Baruch which related to the organization of war production and the elements of material control.

The records of the First World War are fairly complete. Those of the Second World War are complete in great detail. Rare indeed is the man who did not feel the call to write up his experience, and that has proven to be a very valuable thing.

If I were to make any suggestion to those competent and unselfish men who are devoting their time to this job, it would be to urge upon them the study of the experience and the records of the last World War in the matter of material control.

The type of thing that causes people confusion might then be avoided. In

## BUSINESS IN MOTION

### *To our Colleagues in American Business ...*

This is Revere's Sesqui-Centennial Year. One hundred and fifty years of increasing business success is something out of the ordinary, even though there are a few companies in other industries as old or even older. This company dates back to 1801, the year Paul Revere started the first copper mill in this country, in Canton, Massachusetts. People usually think of him as a great patriot; he was also an artist and craftsman whose copper engravings and silverware are museum pieces today. In addition, he was a businessman, realizing that he could prosper only by offering better products and improved service to government, industry and the public. In labor relations he probably was a pioneer, because he paid somewhat better than going wages, in order to enlist to the full the skills his business required. Few men of his time could equal him in vision and resourcefulness.

A spirit of inquiry, investigation, research, was one of his characteristics. Writing of his efforts to find how to work copper, he reports: "I determined if possible to find the Secret & have the pleasure to say, after a great many trials and considerable expense I gained it." His eldest son, Joseph Warren Revere, who succeeded him upon his death in 1818, went abroad in 1804 to increase his knowledge by visiting the European copper fabricators. This was in all probability the beginning of research by any copper and brass company in this country. In addition, the Revere mill continued to make independent investigations. As a result, Revere became known not only as the preferred American source of copper and copper alloys, but of information about them. This was so outstandingly the case that when one of Paul Revere's friends, Levi Hollingsworth, saw a need for a copper and brass mill in Baltimore he asked Revere for advice, and was given it in full generos-

ity. It is interesting to note that years later the Hollingsworth mill in Baltimore became the nucleus of the present Revere operations in that city.

When you consider Paul Revere's remarkable combination of art, skill, business acumen, recognition of the importance of research, it becomes possible to understand how a business so firmly founded could come down to today, larger than he ever imagined, and in proportion to the size of the country, just as important as it was in his own day. He was one of a number of men who put the United States on the path to greatness, not only politically but industrially.



As we look about the present Revere organization we find close links with the past, complete contact with the present, and great future promise. We are not only in copper and its alloys, but have been in aluminum alloys since 1922. More recently, we began to make Revere Ware, copper-clad stainless steel cooking utensils, now serving in American homes everywhere. Applied research, working as did Paul Revere but with greatly improved methods, continually uncovers new pros-

pects for the future. In personnel, it has always been a Revere principle to give enthusiastic aggressive and capable youth its chance as well as its training. Thus we are old and experienced, but ever new and imaginative. In this our Sesqui-Centennial Year we give tribute not only to those who have helped us grow since 1801, but also promise a continually increasing measure of future service.

And while we mark our 150th Anniversary we do not forget that the brass and copper industry, now including a number of venerable and honorable companies, joins with us in playing a vital part in American life. We are proud not only of ourselves, but of our entire industry.

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In a recent interview the question was asked, "But civilian consumption of what's left after defense will have to be divided or allocated or rationed. Will you do that, or will the industries themselves recommend?"

The answer was, "Our theory and practise are that we will seek the advice and counsel of industry in all of these matters." A laudable sentence. "Where allocation is required, of course, NPA will authorize the indicated action. In other words, we take steps to see that the military establishment gets what it needs, and we wouldn't undertake beyond that to say what industry should or shouldn't have."

That is a very difficult thing to do. If there is only so much in the supply, and demand is the supply plus 50 per cent, it is very difficult to take the military part and then not indicate what industry should or should not do. That became evident later in the interview with another man.

### Supplying the Home Front

The discussion was on distribution and the question of how to supply the civilian economy naturally came up. The questioner posed the problem of a distribution warehouse selling to General Motors, from which the product would get back into either war or civilian channels.

The answer was, "Yes, but, again, we will attempt to set up policies and procedures which indicate that the warehouse is to continue its trade with its normal users. That may well present a difficult point of administration, but I suggest that when the impact of the defense program makes material scarce there is a responsibility to see to it that the material available is distributed equitably."

That brings us to the point that once a scarcity develops and once the military program takes a substantial portion of the available supply, which is less than the total demand, there seems to be little escape from the responsibility of the Government making an allocation clean across the board.

Returning again to the fact that whatever the system may be and whatever the order may be, with plenty of good-will and with not too great a program any system will operate. If,

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however, these men become very seriously interested in their own particular portion of a problem—and it is right and proper that they should or else they shouldn't be in those jobs—if they begin to get into conflicts of jurisdiction and if the impact or the program is as great as presently prophesied, then it is to be hoped that a lot of hours will be spent in studying the lessons which were learned though not always applied the last time around.

## WAGE CONTROLS

*(Continued from page 21)*

other companies come knocking at your door asking redress of an inequity you created. As a result of this policy, a huge backlog of cases was produced and the general level of wage rates steadily moved upward.

In the Spring of 1943 Executive Order #9328 was issued from the White House taking this power to remedy inter-plant inequity away from the War Labor Board, a very drastic action. After various conferences between the Board and Mr. Byrnes and the White House, the bracket system was devised, setting a line beyond which no one could go.

One of the things learned by the War Labor Board was that collective bargaining should be interfered with as little as possible. At a time when authoritarian controls of some sort are needed, the degree of authoritarianism depends on the degree of emergency created by the emergency situation. The best that can be done in a war is to substitute collective bargaining at the highest level for collective bargaining at the plant level. It is an unfortunate thing that this has to be done, but there is no alternative. That means that the Board, regardless of administrative inefficiencies that may develop, must be tri-partite. There must be public representation to take care of the public interests, but the collective bargaining must be done by representatives of labor and of employers. Collective bargaining is done in Washington and in the various regional offices in lieu of the bargaining done



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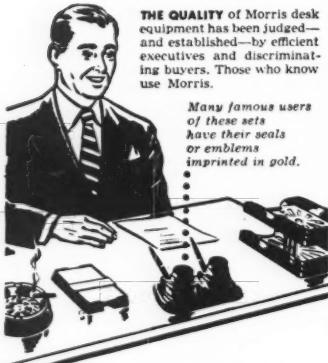
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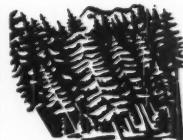
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directly between management and labor. There is bargaining, of course, at the plant level as to what kind of wage rate increases are desirable and that sort of thing, but if they know there is always a last resort, and there must be a last resort if the controls are to be effective, the bargaining is not very sincere. The responsibility is not on their shoulders for reaching a bargain, since it goes in the end to the offices of the War Labor Board. So tripartism is the best substitute for collective bargaining, the best way to preserve as much of it as possible.

### Who Will Control Wages

As things look now, the best program of wage stabilization in the present situation is going to be that exercised by the price controllers and not the War Labor Board. New agreements are being made that include wage rate increases which were sought because of the increase in the cost of living. Unless the board nullifies these agreements, the only way to hold wage rates down is to hold the cost of living down to whatever extent is possible. There are also provisions in these agreements for an annual increase in wage rates because of increases that occur in productivity.

It will be difficult to prevent any "automatic" kind of wage rate increases. The War Labor Board will probably be very reluctant to abandon, or to have labor and management abandon, the increases stemming from rises in the cost of living. That is why real stabilization of wages is going to come from price control. As to the productivity increases: In peacetime such wage rate increases can be paid out without increases in costs or prices because they come out of increased ability to pay; that is, greater productivity. In wartime, although there may be increases in productivity, it will not be in civilian goods production to an extent sufficient to enable the economy to bear such wage rate increases. So the Stabilization Board will have to make its mind up as to whether it wants to permit the degree of inflation involved in keeping this productivity part of the collective bargaining agreements, or whether it prefers to make inoperative this particular part of the collective bargaining agreements.



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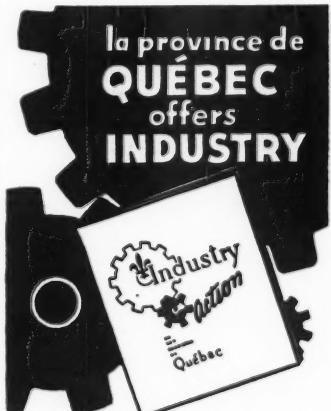
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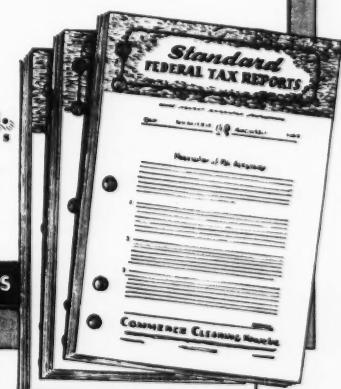
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## PROCUREMENT

(Continued from page 23)

echelons, came into my office in the Navy Department and to Al Brownings's in the Army Department.

I will remember as long as I live the instructions that Mr. Forrestal gave me. I asked, "How am I supposed to do this?" He answered, "How would I know? You figure it out. But there is just one thing I would like to stress." He said, "Frank, it isn't important at this point how much they are buying or the kinds of things they are buying or when they want them delivered, but it is important how much they are paying for it and I want you to be sure that a good business deal is being made for the Government. That is our own responsibility. It has got to be a good business deal."

It was quite a task to change the whole philosophy of procurement ideology because since the Navy was founded, each bureau of the Navy had received its money for procurement directly from Congress and not through the Secretary's Office. Thus each bureau chief was in a way autonomous because they had different problems and never, in Naval history, had there been one central source of control.

In this particular activity during this particular war, they had to have one central source of control because of materials shortages, allocations, and the various problems that those entailed. So there was set up in the Navy a department of procurement and materials. All of the orders over \$250,000 came through this one office. We selected men from industry and put in each one of the different bureaus one man. Some of them were in uniform but mostly they were civilians. In the Bureau of Ships I think we had a dozen men. All the orders went through this particular group and finally up to the central office.

We found one very great difficulty. There was no basic standard to measure costs by. Some manufacturers would want an extremely large profit, and you didn't know whether you were dealing with a manufacturer or an agent, so we put into effect a cost breakdown sheet that went in with each order, and that in a measure gave, either to a military person or a civilian,

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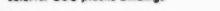


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certain information, regardless of whether or not a man was familiar with the costs of various kinds of things that the Armed Services had to buy. It gave some basic standard for evaluating how the thing should be procured. And the cost breakdown system that was installed then as a necessity is still a part of the over-all procurement activity among all of the different procurement agencies.

#### Centralized Procurement

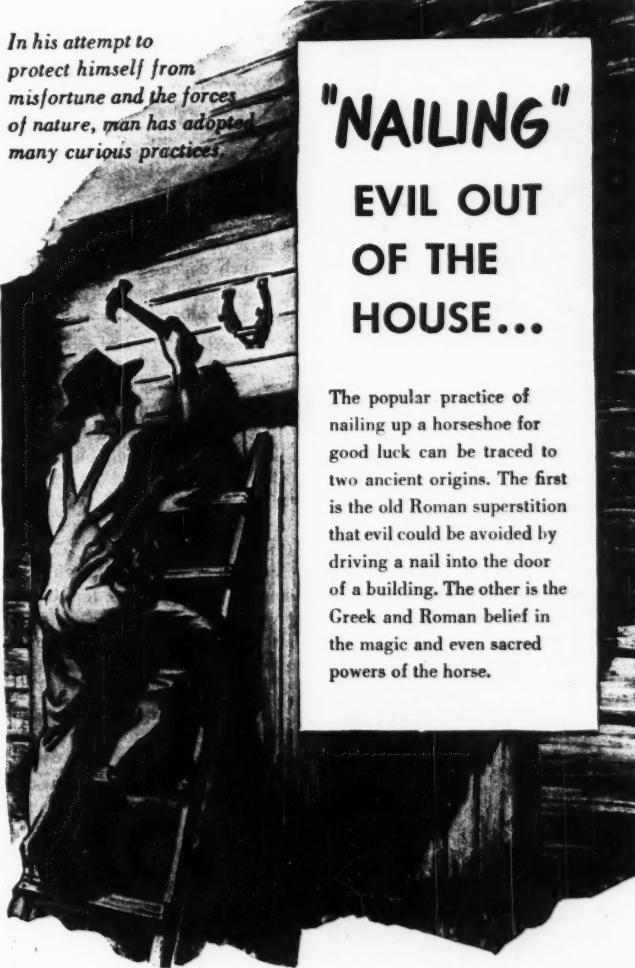
As to the question of whether civilians should handle procurement or whether the military should do it, it is always a very difficult job to do away with established customs, that is, to take away from the Army, Navy, Marines, Coast Guard, and so on the specific job that they had been taught to do. It was too cumbersome. It was tried and it failed to work. On the other hand, if you can put into the services the kind of people whom we were fortunate in securing—and it wasn't difficult to secure good professional buyers and purchasing agents—it could work. These men worked willingly and to their everlasting credit a tremendously effective and great job was done.

With the amount of money that was spent, there was less scandal and less unrest about the things that were done in World War II than for all the rest of the wars in American history. This was because we brought in men who were professionals in their own fields; they did know how to do the job; and they did it well.

We worked with the Army very effectively. We had a procurement policy meeting once a week. While I, Al Browning, and some of the rest of us had no authority, we would meet and discuss the common problems that we had.

I remember at one time we had a case where there were five different Government agencies in Mexico trying to buy mahogany. They were all called back and it was decided between Mr. Browning and myself that the mahogany purchasing would be done by one service for all of the others. We then set up the idea that all the lumber

*In his attempt to protect himself from misfortune and the forces of nature, man has adopted many curious practices.*



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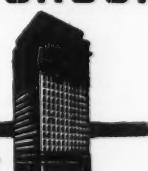
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would be bought by the Army Engineers and they delegated back to the Navy the securing of mahogany and white oak. The Navy subsequently bought all the mahogany and white oak. There was no problem after that.

When we first issued this order there was objection to it so we went to Mr. Forrestal and Mr. Patterson. They both said that if that is the way to do it, that is the way it should be done.

So much depended on the kind of people and on the spirit of the people. I say such program can work, and it can work any time under any circumstances because it did work. For instance, we delegated the job to the Army of buying all of the Navy's food. When I broke the news to the Admiral he thought it was wrong, but finally it worked out and worked out very well.

### Job Well Done

One hears so much of the things that were not done well. I think the procurement job as a whole for all of the services was done very well. It was done well because the people who did the job had no other interest except that one particular job, and they came there to do it. They left, and their services were a credit to the professions they represented.

That job can be done again, and I think it will be done somewhat on the same basis because many an investigation was made of why the civilians were doing this and why they military was doing that or why they weren't doing it, and before we got through the pattern was pretty well established. I think we did learn a great deal about how to do it, and most of the men who really did the job are still available.

There is one way, however, that the whole problem of procurement could be, I think, solved. This would consist of appointing, for the sake of a better name, a procurement general who would have the same sort of a position that the Comptroller General has. He would have a sort of over-all supervisory control over procurement in peace as well as in war because there is much overlapping.

The Government is an important procurer of many things, and if there were such an office, I would think a man like General Wood, or some other man who had that sort of experience



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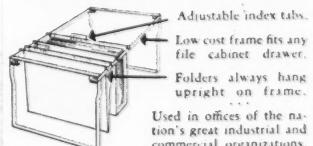
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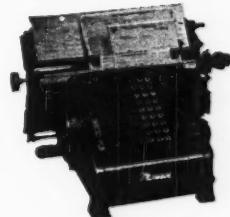
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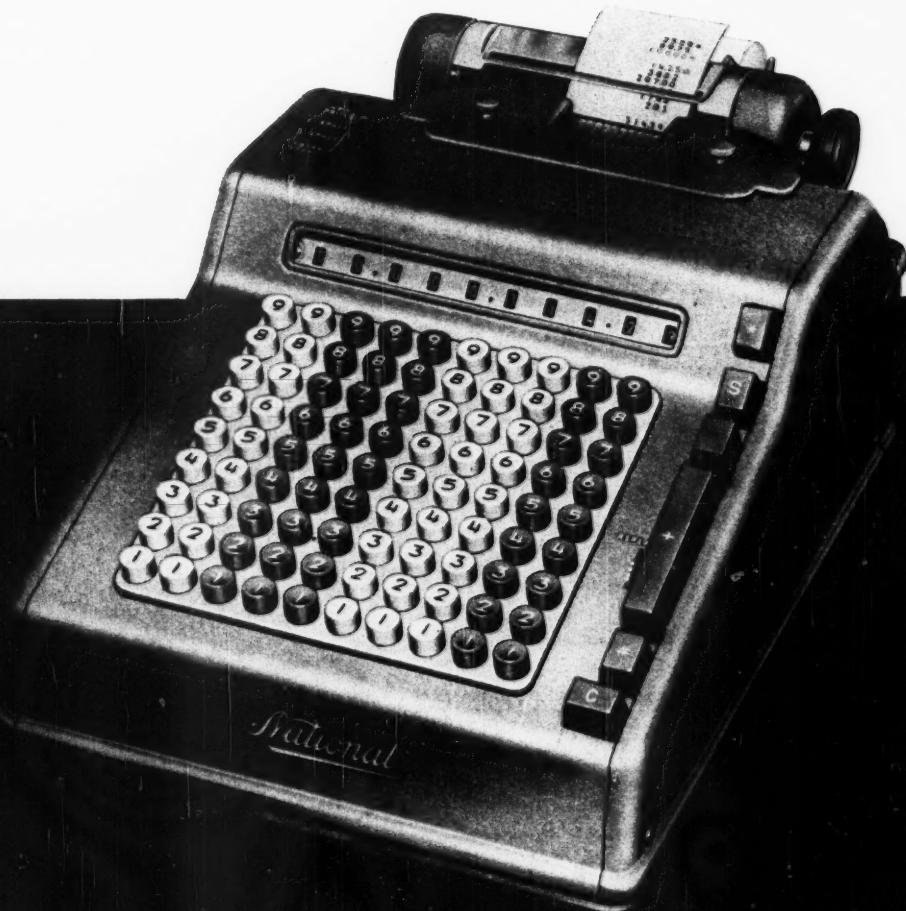
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